

YEAR ENDED SEPTEMBER 30, 2001

2001

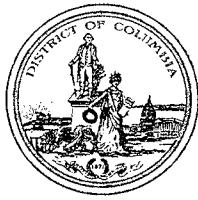
# Comprehensive Annual Financial Report



**Government of the District of Columbia**

*Office of the Chief Financial Officer*





ANTHONY A. WILLIAMS  
MAYOR

January 28, 2002

Dear Citizens of the District of Columbia:

I am pleased to present the District of Columbia's Fiscal Year 2001 Comprehensive Annual Financial Report (CAFR). Once again the audit opinion is unqualified. We completed Fiscal Year 2001 with a surplus of \$77.6 million, resulting in a fund balance of \$562.2 million.

These outcomes mark the fifth consecutive year that the District realized surpluses and earned an unqualified or clean opinion on its financial statements. These accomplishments have significantly improved the District's access to more favorable financing rates in both the short- and long-term credit markets. More importantly, these operational successes satisfied the criteria for the conclusion of the control period and restoration of home rule. In fact, the Congressionally-appointed Financial Responsibility and Management Assistance Authority ceased operations as of September 30, 2001.

I would like to thank the Executive Branch, the Congress, the Financial Authority and the Council of the District of Columbia for their guidance, support and assistance during the recovery period. We have achieved financial stability much sooner than expected and, in doing so, have demonstrated the capacity to govern ourselves.

The District government continues to encourage and support both residential and commercial development outside of the downtown core through the use of tax incentives and our Revenue Bond Program. Construction of the new convention center is well under way and slated to open in April 2003. As expected, this project is driving the revitalization of the Shaw neighborhood and providing increased business and employment opportunities for residents. In addition, the government is supporting the development of the New York Avenue Gateway and Technology Access Corridor. As a result, many of the vacant warehouses in the Northeast sector are being renovated and prepared for new business ventures. Also, a major new retail development is under construction in Ward 5 and is scheduled to open in June 2002. These and other projects are energizing the entire District. Property values are still on the rise, whole neighborhoods are being upgraded and new residents are reclaiming long-neglected structures.

The control period is over. We must now concentrate on the District's long-term viability. With your continued support, we hope to spread the District's financial success to all of our neighborhoods and to the entire region.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams".

Anthony A. Williams  
Mayor

**Government of the District of Columbia**  
**Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

January 28, 2002

The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Dear Mayor Williams:

I am pleased to present the District of Columbia's Fiscal Year 2001 Comprehensive Annual Financial Report. The year ended with General Fund revenues exceeding expenses by \$349.7 million, and the accumulated General Fund balance at the close of FY 2001 amounted to \$562.2 million. Compared to a negative accumulated fund balance of \$518 million at the end of FY 1996, this represents a turnaround of more than one billion dollars over the past five years. I can also report that the District again earned an unqualified or clean audit opinion from its independent auditors.

The District of Columbia has now completed the fifth consecutive year of financial recovery. Each year ended with both a budget surplus and an unqualified or clean audit opinion. This achievement helped satisfy the requirements for ending the financial control period. Consequently, the Congressionally-appointed Financial Responsibility and Management Assistance Authority went into dormancy effective Oct. 1, 2001. I join you in expressing gratitude to all the members of that body, as well as the Executive Branch and Council of the District of Columbia, for the lasting improvements that they helped to create during this period. Among these achievements are reorganizing major aspects of the District's financial operations, upgrading financial management computers and systems, and improving our relationship with Congress.

We are well positioned to continue making progress, thereby strengthening the delivery of services to our citizens. Regular interim financial closings and reconciliation of cash were initiated last year, providing more timely updates of the District's financial status. The current data allows for quicker management decisions and more effective responses to changing budget, economic and operational conditions. We have also accumulated an emergency cash reserve of approximately \$100 million, and our financial condition serves to maintain our positive bond rating. In turn, we enjoy lower borrowing costs on the District's outstanding debt.

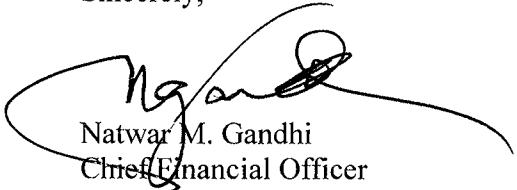
The District's financial and operational improvements are being tested as the District hurries to develop and implement coordinated responses to the terrorist attacks of Sept. 11. The aftermath of that tragic event strains just about every District agency's budget, revenue stream and general operation; and the negative economic impact on tourism, the convention and hospitality industry, transportation, and retail sales is already evident. In addition, the District must allocate more resources for the safety and security of federal

government officials, foreign service dignitaries and public and foreign owned properties. The indications dictate a prudent approach in the months ahead, and the District should brace itself for some unpleasant alternatives.

While the District's economy is straining with the recession and the events of Sept. 11, it should be able to recover in the second half of 2002, when the recession is forecast to end. As the nation lost nearly one percent of total jobs in December 2001 (as compared to December 2000), D.C. had a small gain in total employment. The demand for housing in D.C. is quite strong and housing prices continue to rise. Affordable housing is in extremely high demand as people demonstrate their desire to live in the city. New office space continues to increase by more than two million square feet a year. While these conditions cannot sustain the District's revenue flow in FY 2002, they do mean that D.C. will respond favorably to economic recovery. Tax revenue is at risk because the number of employed residents is down more than one percent, the stock market's spurt of growth is gone, vacant office space in Virginia now can compete more strongly with D.C. locations, and the hospitality industry remains sluggish. These factors will dampen collections of income, sales, and other tax sources in FY 2002 and into FY 2003.

I would like to commend the many financial and program staff, especially those in the Office of Financial Operations and Systems, who have worked diligently to guarantee a successful closure of the District's books and ensure that our records exceed the high standards required for an unqualified audit opinion. Although we continue to refine and improve our financial systems and processes, it is my firm belief that this recurring annual audit has already become a routine event in the overall financial management of the District of Columbia.

Sincerely,



Natwar M. Gandhi  
Chief Financial Officer

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**Government of the District of Columbia  
Comprehensive Annual Financial Report  
Year Ended September 30, 2001**

**Prepared by:**

**Office of the Chief Financial Officer  
Office of Financial Operations and Systems**

**Anthony F. Pompa  
Deputy Chief Financial Officer  
810 First Street, NE, Suite 200  
Washington, D.C. 20002**

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# Introductory

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**Government of the District of Columbia**

*Office of the Chief Financial Officer*



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**Year Ended September 30, 2001**

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January 24, 2002

Dr. Natwar M. Gandhi  
Chief Financial Officer

The comprehensive annual financial report of the Government of the District of Columbia (the District) for the fiscal year ended September 30, 2001, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups, and component units of the District. This report includes all disclosures necessary to enable the reader to gain a useful understanding of the District's financial activities.

**Report Sections**

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the general purpose financial statements, the notes to the financial statements, the combining and individual fund statements and schedules, and the independent auditors' report on the general purpose financial statements. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

**Financial Reporting Entity**

The financial reporting entity consists of the primary government and its component units. The primary government is the District, which consists of all the organizations that make up its legal entity. The Tobacco Settlement Financing Corporation (TSFC) is presented as a blended component unit, as required by generally accepted accounting principles (GAAP) applicable to governmental entities.

The Water and Sewer Authority, The Washington Convention Center Authority, The Sports Commission, The Housing Finance Agency and The University of the District of Columbia are legally separate organizations for which the elected officials of the District are financially accountable. The financial data for these component units are presented separately from the financial data of the primary government. The Public Benefit Corporation (PBC) discontinued operations on April 30, 2001. The functions of the PBC were transferred to the Health Care Safety Net Administration in the Department of Health and are accounted for in the general fund.

The District of Columbia Housing Authority is an independent authority of the District government. It is a corporate body, intended, created and empowered to effectuate the purposes of the 1999 Act and has a separate legal existence from the District government. The powers of this Authority are vested in a Board of Commissioners consisting of 9 members. Transactions between the Housing Authority and the District are presented in the notes to the financial statements.

The Washington Metropolitan Area Transit Authority is a legally separate organization that is owned, operated and governed by the District and the states of Maryland and Virginia as a joint venture in which the participants retain an ongoing financial responsibility. Transactions between the Transit Authority and the District are presented in the notes to the financial statements.

### **Economic Condition and Outlook**

As the nation's capital, the District of Columbia is the seat of the three branches of the federal government and headquarters for most federal departments and agencies. The federal work force in the District averaged 182,100 employees in FY 2001 while approximately 153,100 additional federal employees worked elsewhere in the Washington metropolitan area. The present District based count represents a 7% decrease in the federal work force of 195,540 in 1996. Although both the District and the federal government employ fewer people, the revitalization of the District's economy is continuing.

In addition to its role as the nation's capital, the District hosts more than 170 foreign embassies and recognized diplomatic missions. Also, a number of international organizations have their headquarters in the District, including the International Monetary Fund, the World Bank, the Inter-American Development Bank, and the Organization of American States.

More than 400 museums and historical landmarks attract millions of visitors to Washington, D.C. each year. Citizens of all the states and international visitors enjoy the popular attractions along the National Mall as well as the monuments to presidents and the memorials of war. Tourists also discover reminders of their American heritage at the National Arboretum and the Kenilworth Aquatic Gardens in Northeast Washington, at Fort Stevens, at the National Museum of Health and Medicine at the Walter Reed Army Medical Center located in the Georgia Avenue Corridor, at the Congressional Cemetery and at Fort Dupont Park in Southeast. With its variety of activities and rich history, Washington, D. C. was voted a top destination for family travelers in the spring of 2000.

In calendar year 2000, approximately 19.2 million people visited the Washington area and spent about \$8.5 billion on lodging, meals, retail purchases and other services. This direct visitor spending generated additional business activity in related industries and boosted local as well as regional economic growth.

The District has evolved into a diverse economic community over the last several years. The service industries now surpass the federal government as the largest employer. Expansion in legal services, high-speed Internet technology and communications provide new employment opportunities. The District is home to several prominent universities and major institutions of higher learning. Other universities from across the nation have established programs or campuses in and around the city. The District has 17 acute and long-term care facilities, including medical centers and hospitals for children and members of the military, and a regional shock and trauma center. The headquarters of more than 2,500 national trade associations, voluntary societies and labor organizations are also located in the District. The vacancy rate for commercial office space is the lowest in 10 years.

Total employment in the metropolitan area was approximately 2,808,000 in FY 2001 compared to 2,723,000 in FY 2000. However, these numbers exclude self-employed, domestic workers, military, and foreign government personnel, which represent a significant portion of the actual work force of the region. District resident employment stayed at approximately 23% of the area total during both years. The September 2001 unemployment rate in the District was 6.6% compared to 5.4% in September 2000. Total employment within the District increased to 654,800 in September 2001 from 622,500 in September 2000. The government portion of all District jobs decreased while total employment increased, suggesting that new jobs occurred in the private sector.

Current development projects in retail, entertainment, tourism, and housing support the expectation of additional growth in private sector employment over the next several years. A number of national retail and food service chains have already moved into renovated commercial spaces across the central business district, and similar projects are appearing in surrounding areas. XM Satellite Radio recently moved into its new headquarters in the New York Avenue Technology Corridor, and MCI WorldCom and Qwest communications have agreed to establish data warehouses nearby. The District, in partnership with businesses in the New York Avenue Technology Corridor, has agreed to fund the construction of a new Metro rail station on the Red Line, which is the busiest line on the existing 103-mile system. This station is scheduled to be completed in 2004.

The District recently selected a developer for the site of the former Wax Museum, east of Fifth Street, N.W., between K and L Streets. This project, when completed, will provide more than 500 apartments, a grocery store, a theater, art galleries, and several restaurants. A developer has also been selected for the old Tivoli Theater Complex in the Columbia Heights section

of 14<sup>th</sup> Street, N.W. This development is near a recently opened Metro rail station and will include a Giant Food Supermarket and town houses. A recent ribbon-cutting ceremony marked the completion of 17 moderately priced condominium units on Georgia Avenue and Rittenhouse Street, N.W. built through a partnership between the People's Involvement Corp. and the D.C. Department of Housing and Community Development. The condominium units are the first new housing on Georgia Avenue in two decades. New residential construction is occurring in all sections of the District, and range from single-family dwellings, to town houses, to apartment buildings and condominiums. These ongoing efforts are creating a vibrant downtown neighborhood, in addition to expanding residential development throughout the District.

Preliminary estimates indicate that between now and 2005, District employers will have a high demand for workers below the managerial, professional, and technical levels. Hundreds of employment opportunities are expected to open in the service sector, particularly in food service, janitorial, and housekeeping companies. Administrative support staff, including first line supervisors, will also be in high demand. Of even greater impact would be the increased percentage of District residents who occupy these jobs.

The anticipated increase in non-governmental and total employment will mark an important milestone. The shift to a diversified employment base will improve the District's economy, and make it more stable and less dependent on the federal government. It appears that the trend for federal operations to move into suburban areas is slowing, and the District's economic base is continuing its shift from government towards private sector services employment.

The U.S. Census Bureau estimated that in July 2001 there were 571,822 permanent residents in the District. This report indicates that estimates of flight from the District had been overstated in Census estimates during the last several years. The actual population loss was 5.7% over the last ten years, which is almost 60% less than the estimated loss predicted by the previous Census results. Those same census estimates predicted that the District population would not reach its current level for approximately five more years. The District's population decreased 16% between 1970 and 1980, but only an additional 5% loss between 1980 and 1990 and 5.7% from 1990 to 2000.

The District has a significant number of lower income residents, with about 18% of the population at the poverty level, according to 2000 Census figures. This represents a slight improvement from the 18.6% average for 1998-1999. An average of 129,638 District residents per month received subsidized medical assistance, including Medicaid benefits in 2001, which are 4,000 more than the monthly average in 2000. Food stamp program participation averaged 72,776 individuals per month in 2001, down from a monthly average of 79,536 individuals in 2000.

### **Major Initiatives**

In September 2001, the Mayor and the District Council began reoccupying the John A. Wilson Building, which was renamed from The District Building in 1994 to honor the late Council Chairman. The Wilson Building, in need of repairs, was vacated by the Mayor and the Executive branch in 1993. The District Council and its staff followed later to Judiciary Square, 441 – 4<sup>th</sup> Street, N.W., the temporary location of the Mayor's offices. The Wilson Building has now been completely renovated and remodeled and, along with the Mayor and District Council, is home to additional District government offices.

In February 2001, The Eugene B. Casey Foundation purchased the property located at 1801 Foxhall Road, N.W., and plans to develop a building for use as the official residence of the Mayor. It is to be named the Casey Mansion. The Foundation will also establish a separate non-profit Casey Mansion Foundation, which will develop the Mansion and landscape the grounds. Sufficient private resources will fund, in perpetuity, all operating costs for the building and grounds, including furnishings, housekeeping, insurance, landscaping, maintenance, security and utilities. This unexpected but generous offer will provide the District with a permanent mayoral residence, similar to that provided the Governor of each of the 50 U.S. States, Mayors of many major U.S. cities and the Mayors of many major foreign capital cities. The Casey Foundation has also created a \$50 million Casey Trees Endowment Fund, under the direction of the Garden Club of America, to assist in replacing dead and missing trees throughout the District. These welcomed gifts appropriately raise the stature of the Office of Mayor and of the District of Columbia.

The new Washington Convention Center, currently in its fifth year of planning and construction, is scheduled to open in the Spring of 2003. The new facility will provide the District with 825,000 square feet of additional meeting and exhibition space. In 1995, the District established the Washington Convention Center Authority and provided it with dedicated tax revenues to operate the existing convention center and to construct a new convention center. Along with the existing facility, the total exhibitor and meeting space will exceed 1,000,000 square feet. The new facility will enable the District to maintain its position among major cities as a leader in conventions, conferences and the hospitality industry in general. Like

the MCI Center, a privately financed sports arena that opened in 1997, the Convention Center project will provide not only opportunities for direct employment, but is expected to cause the creation of new jobs in the hospitality industry. Already, the District is scheduled to select a developer in January 2002 for the proposed 1,000-plus room hotel to support the new Washington Convention Center.

The District's Division of Transportation (DDOT) is managing multiple active projects that maintain, upgrade or reconstruct many of the local sidewalks, streets and bridges. This comprehensive infrastructure revitalization effort enhances the general appearance of neighborhoods but also eases the access and quickens the flow of traffic through the business activity centers. The renewal projects add to the ability of the District to compete for new residents and businesses. Each success adds to the tax base and translates into improved services for all. One of the DDOT's major construction projects is the upgrade of the New York Avenue Gateway to Washington, D.C. and to the Warehouses Sector. The objective is to attract technology and other businesses to the corridor and to provide a magnificent entryway for all visitors to the nation's capital.

A new shopping center is currently being constructed in the Ward 5 sector near the Rhode Island Avenue Metro rail station. It is scheduled to open in June 2002 and will house the major retail chains Home Depot, Giant Food and Kmart. During 2001, plans were announced for the development of a 400,000-square-foot shopping center in the Fort Lincoln neighborhood in Northeast Washington, overlooking the New York Avenue Gateway. The rapid reconstruction and renovation of vacant warehouses, buildings and residential structures, in addition to entirely new construction in all areas of the District, is the incentive and marketing tool for attracting new residents and workers to the nation's capital. The District is solidifying its position as the World's capital for finance, technology, government and history. The District has become a vibrant and living community that includes world class arts, sports, entertainment and dining facilities; not just another place to stop, but a place to stay for awhile, to live in, to play and to create.

The Freedom Forum, currently based in Rosslyn, Virginia, has purchased the former site of the District's Department of Employment Services (DOES). In addition to its main offices, the Freedom Forum will relocate its Newseum, an interactive news museum, expand their exhibit space to 300,000 feet, and develop both an additional 30,000 square feet of retail space and approximately 100 condominium units. The cash price of about \$100 million includes approximately \$35 million designated for the development of affordable housing and neighborhood commercial revitalization and \$15 million for relocation and temporary office space for DOES. In keeping with the District's neighborhood revitalization strategy, DOES operations have been relocated to another area of the city targeted for development. While the new DOES headquarters is being developed and constructed, DOES staff is housed in a newly renovated warehouse near the intersection of New York and Florida avenues. The District's Department of Motor Vehicles is also to be relocated away from the downtown business district to both move the services closer to the users, and as a spur to additional and collateral development to the new site.

The District is encouraging and supporting development efforts in all the wards of the city. The Federal Government has shown renewed interest in the District as the place for consolidating agencies, functions and staff. The U.S. Treasury's Bureau of Alcohol, Tobacco and Firearms is in the process of planning the development and construction of its new headquarters building at the intersection of New York and Florida Avenues, N.E. This decision helped the District obtain matching Federal and private commitments to pay for a new Metro rail station near that location.

While building on the already popular tourism industry, projects such as these only partially address the District's need to build a broader economic base. Both the U.S. Congress and the D.C. Council have enacted legislation and are taking action that aims at expansion of the District's permanent tax base by making all areas of the city economically attractive to both residents and new business interests.

The Taxpayer Relief Act of 1997 (PL 105-34) established the District of Columbia Enterprise Zone through December 31, 2002. The new zone consists of the previously existing enterprise community plus all other census tracts for which the poverty rate is at least 20%. The law also increased the limitation on tax-exempt economic development bonds to \$15 million; and eliminated the federal capital gains tax through December 31, 2007 on business stock, partnership interest, and business property held for more than five years in all census tracts for which the poverty rate is at least 10%. The federal Homebuyer Tax Credit, which provides a maximum \$5,000 federal income tax credit for first-time buyers of principal residences, was also included in the original Taxpayer Relief Act of 1997; it has since been extended for purchases closed through December 31, 2003, as were the business tax benefits.

The Tax Parity Act of 1999 lowered taxes on both income and real property. The new tax rates are expected to make the District more competitive with the suburban jurisdictions. The Tax Clarity Act of 1999 streamlined the tax code,

eliminating duplications and discrepancies. During the same period, real property tax assessments have continued to reverse their decline and collections of both current and delinquent taxes have increased.

Additional business incentive legislation is awaiting final approval by the District and the U.S. Congress. The E-Economy Transformation Act of 2000 encourages new high technology firms to locate their operations in the District while encouraging the hiring of District residents. Brownfields redevelopment program legislation, which has proven successful in other jurisdictions, limits liability for certain environmental contamination and establishes funding mechanisms for those willing to develop brownfields sites. Brownfields sites are abandoned buildings and properties that are contaminated (or perceived to be contaminated), complicating their reuse. The cleanup of such sites, and/or, the removal of liabilities that could arise from their reuse, allows brownfields sites to become productive again, being used for economic development activities, the creation of new and affordable housing, or for urban gardens, parks and recreation areas.

The Office of the Chief Financial Officer negotiated and certified two new projects for participation in the Tax Increment Financing (TIF) Program this year. The final terms of a TIF program are determined project-by-project. This enables the District to influence certain conditions of each operation, including the percentage of District residents to be employed both during and after construction. Seventeen industrial revenue bonds provided another \$740.3 million for local development projects. Buoyed by the successes on the New York Avenue technology corridor, the District is actively proceeding with plans to restructure the economic base of other underserved neighborhoods. Local redevelopment options for both residential and retail investments are under discussion for a variety of sites outside of the central business area.

The District is supporting the efforts of a D.C.-based group that is attempting to bring a major league baseball team to the District that would utilize the Robert F. Kennedy Stadium. The Mayor has also announced that the District is willing to contribute up to \$200 million in public land, financing and other incentives to build a new ballpark in Washington. It is possible that a major league team could be relocated to Washington, D.C. within the next two years. The National Football League is also considering staging the Super Bowl in either New York or Washington D.C. in 2007, or in each city over consecutive years. This is in support of the two cities that were targeted on 9/11/01. The Washington, D.C.-Baltimore, Maryland effort to host the Summer Olympics in 2012 remains viable. The addition of a new Convention Center, allied hotels, and the prospect of a new stadium improve the region's prospects to host the 2012 event.

The District of Columbia College Access Act (PL 106-98), and its amendments, authorized the District to underwrite a portion of the differences between in-state and out-of-state tuition rates for eligible District residents who attend certain institutions outside of the District. Additional federal incentives under separate legislation, including tax credits and health care coverage, provide a variety of support to those who adopt children from the District's foster care system.

The District must also build and maintain an emergency cash reserve equaling 4% of the total budget allocated for operating expenditures by FY2004. An additional contingency cash reserve must be established, which must equal 3% of the total budget allocated for operating expenditures. Beginning in FY2007, the District will be required to maintain a combined balance of 7% for both reserves.

The control of the majority of daily operations reverted to the Mayor of the District of Columbia from the Financial Responsibility Authority, when the District's control period went into dormancy on September 30, 2001 because the District achieved the following four financial and economic actions: 1) The discharge of any obligations made by the Financial Responsibility Authority on behalf of the District; 2) The repayment of any borrowings from the U.S. Treasury by or on behalf of the District; 3) Adequate access to both the short and long-term credit markets, and; 4) Four consecutive general fund surpluses, as determined through generally accepted accounting principles (GAAP).

### **September 11, 2001 And Other Spending Pressures**

The tragic events of September 11, 2001 (9/11/01) have transformed America, and especially New York City and Washington, D.C. in ways that could not have been foreseen or anticipated. The effects have not been fully revealed, even after five-months following the events of that day. The continuing fear of further incidents, such as the anthrax threat, requires careful re-distribution of funding and the monitoring of levels of services. The consequences of the 9/11/01 event and the aftermath strain just about every District agency's budget, revenue stream and general operation. The negative economic impact on tourism, the convention and hospitality industry, transportation, and retail sales is already evident. Revenues from sales and use, income and franchise, gross receipts and other taxes will shrink. The effects are expected to extend to employment in many sectors of the economy.

There is evidence of a sizable reduction in charitable contributions for non-9/11/01 causes. As this and other related reductions work through the system, there will be a corresponding pressure on governmental operations that serve the needs of the homeless and other less fortunate members of the population. In addition, the District must allocate more resources for the safety and security of federal government officials, Foreign Service dignitaries and public and foreign owned properties. The District was recently awarded only \$156 million of its \$250 million request for Emergency Preparedness Funds following the 9/11/01 terrorist attacks. The District also received \$12.7 million for the development and implementation of an Emergency Plan. Spending requirements could quickly consume the current surplus and may force cuts in both services and the budget itself. The District's financial and program managers must maintain financial vigilance, improve their oversight of all program budget and closely monitor operating expenditures. Unanticipated changes in revenue streams and costs must receive prompt attention. It is possible that local source revenues may be reduced by as much as \$90 to \$100 million in FY2002, compared to the FY2002 budget estimate. The current revenue estimate for FY2003 may also need to be reduced. Indications dictate a prudent spending approach in the months ahead.

At the end of FY2001, an assessment was made of where the budget seemed to be out of balance with current spending plans and expectations. In general, unrelated to the potential revenue problem, the District needs to resolve approximately \$145 million in other spending pressures. A total of \$48 million is attributable to the on-going problem with correctly estimating Medicaid revenue. Another \$12 million is attributable to labor pay agreements in excess of amounts budgeted, a figure that could rise. A projected \$81 million is related to DCPS programs, including special education, and \$4 million to miscellaneous matters. Also, based on FY2001 experience, it is likely that there will be additional shortfalls in the D.C. Public Schools, the Department of Health and the Department of Mental Health in FY2002.

### **Accounting System**

The District's accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity (corresponding to a corporation in the private sector) having its own assets, liabilities, equity, revenues, and expenditures/expenses. The types of funds used are determined by generally accepted accounting principles. The number of funds established within each type is determined by principles of sound financial administration. Specialized accounting and reporting principles and practices apply to governmental and expendable trust funds. Proprietary, component units, and pension trust funds are accounted for in the same manner as similar business enterprises or non-business organizations.

### **Internal Control**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are processed and summarized to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget approved by the United States Congress. A project-length financial plan is adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within the General Fund. The District also maintains an encumbrance recording system as one technique of accomplishing budgetary control. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Funds.

The annual appropriated budget is enacted on a basis that is not consistent with generally accepted accounting principles (GAAP) because of differences that result from budgeting inventory, Medicaid, certain pensions, other employee benefits, and other expenditures on a cash basis, and from budgeting dedicated tax revenues to the benefiting fund rather than to the fund with the authority to levy and collect the tax. The budgetary general fund differs from GAAP by including the Financial Responsibility Authority special revenue fund and the University discretely presented component unit and by excluding the Correctional Industries and Retirement Board.

### **General Fund**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Operations are reported to show an excess or deficiency on a flow of current financial resources measurement focus.

The General Fund had a positive total fund balance of \$562,245 on September 30, 2001, represented by assets of \$1,900,596 less liabilities of \$1,338,351. The fund balance is reserved in the amount of \$470,911 for those funds that are not available for appropriation. The General Fund operations are summarized in **Table 1**.

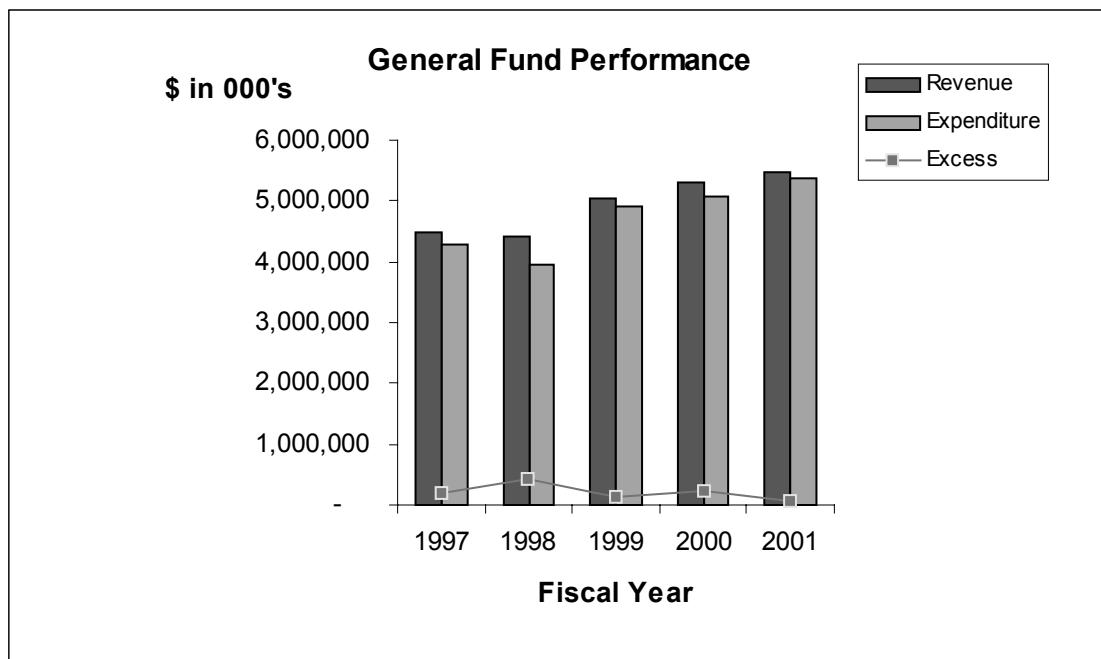
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**Table 1 – General Fund Operations Summary (\$ in 000's)**

Fiscal Year	Revenue	Expenditures and net uses	Excess	Change from Prior Year
1997	\$ 4,476,289	4,290,397	185,892	652%
1998	4,409,095	3,964,246	444,849	139%
1999	5,058,009	4,923,515	134,494	-70%
2000	5,304,942	5,064,215	240,727	79%
2001	5,465,315	5,387,695	77,620	-68%

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**Figure 1**



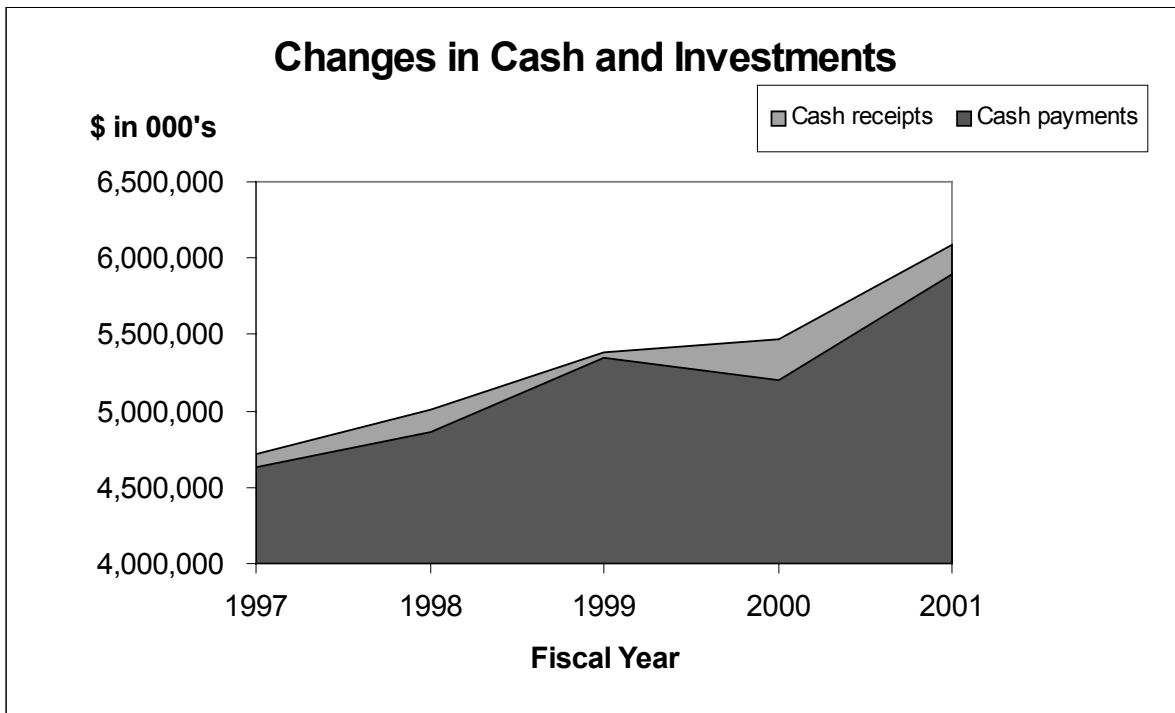
The General Fund changes in cash and investments are summarized in **Table 2**.

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**Table 2 – Changes in Cash and Investments (\$ in 000's)**

		Cash receipts	Cash payments	Net Cash Receipts	Change from Prior Year
	1997	4,721,945	4,636,973	84,972	363%
	1998	5,006,021	4,858,776	147,245	73%
	1999	5,377,845	5,352,282	25,563	-83%
	2000	5,465,082	5,201,740	263,342	930%
	2001	6,091,068	5,892,571	198,497	-25%

**Figure 2 – Positive Cash Flow Analysis**

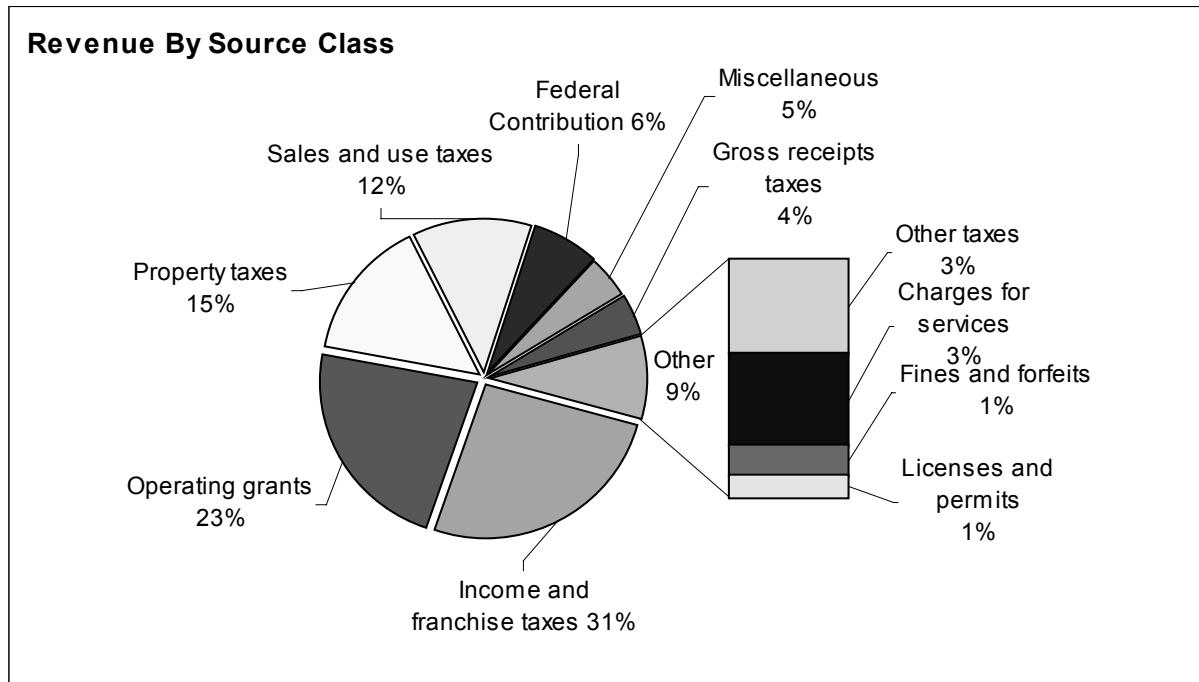


**Table 3** presents revenues by source class for the current year and the amount and percentage of increases and decreases in relation to prior year revenues.

**Table 3 – General Fund Revenues by Source Class (\$ in 000's)**

<u>Source Class</u>	2001		Increase (Decrease) from 2000	
	Amount	Percent	Amount	Percent
Property taxes	\$ 814,166	14.9 %	\$ 121,385	17.5 %
Sales and use taxes	677,139	12.4	(21,722)	(3.1)
Income and franchise taxes	1,400,237	25.6	61,673	4.6
Gross receipts taxes	234,102	4.3	(21,931)	(8.6)
Other taxes	190,734	3.5	49,124	34.7
Total taxes	3,316,379	60.7	188,530	6.0
Licenses and permits	42,829	0.8	(1,617)	(3.6)
Fines and forfeits	58,223	1.1	3,358	6.1
Charges for services	182,473	3.3	8,035	4.6
Miscellaneous	253,706	4.6	39,188	18.3
Total District sources	3,853,610	70.5	237,494	6.6
Federal Contribution	370,061	6.8	(65,320)	(15.0)
Operating grants	1,241,644	22.7	(11,801)	(0.9)
Total Federal sources	1,611,705	29.5	(77,121)	(4.6)
Total revenues	\$ 5,465,315	100.0 %	\$ 160,373	3.0 %

**Figure 3 - Revenue by Source Class**

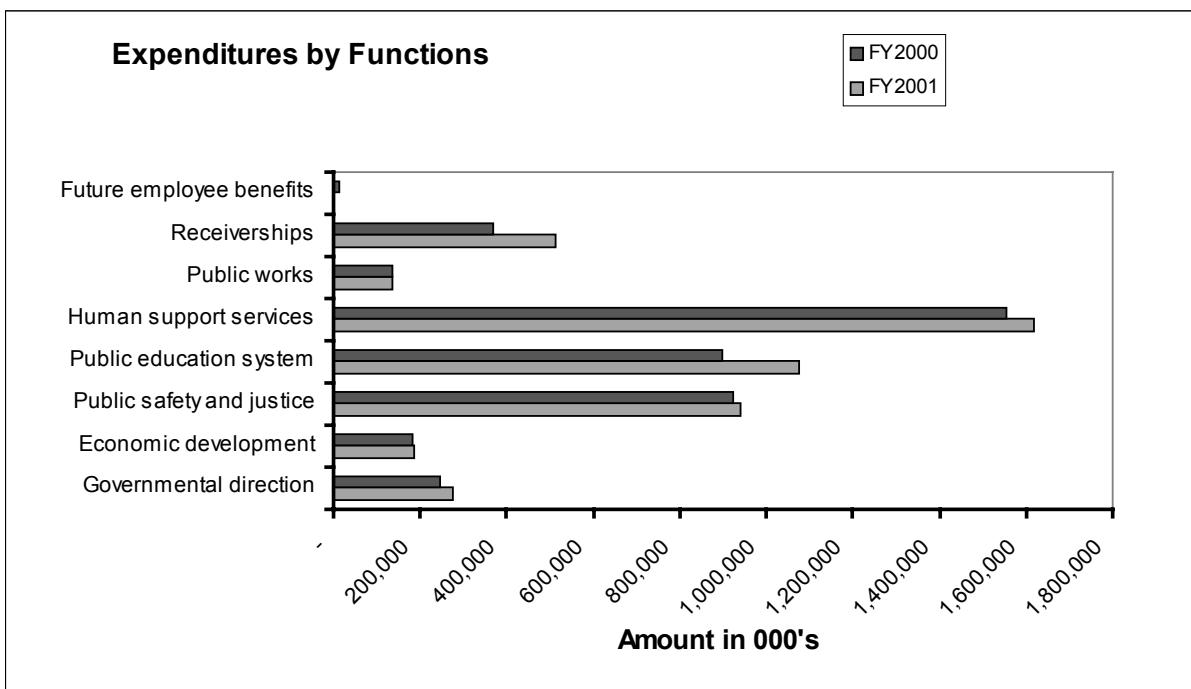


**Table 4** presents expenditures and uses by function for the current year and the amount and percentage of increases and decreases in relation to prior year expenditures and uses.

**Table 4 – General Fund Expenditures and Net Uses by Function (\$ in 000's)**

Function	2001		Increase (Decrease)	
	Amount	Percent	From 2000	Percent
<b>Current expenditures:</b>				
Governmental direction	\$ 275,739	5.1 %	\$ 28,075	11.3 %
Economic development	187,565	3.5	7,122	3.9
Public safety and justice	938,186	17.4	13,343	1.4
Public education system	1,074,437	19.9	174,674	19.4
Human support services	1,618,030	30.0	65,535	4.2
Public works	136,041	2.5	974	0.7
Receiverships	510,562	9.5	143,601	39.1
Future employee benefits	(20,936)	(0.4)	(34,904)	(249.9)
Total	4,719,624	87.6	398,420	9.2
Joint Venture Subsidy	138,073	2.6	2,542	1.9
<b>Debt service:</b>				
Principal	108,725	2.0	(111,329)	(50.6)
Interest and fiscal charges	149,177	2.8	(25,881)	(14.8)
<b>Other financing uses:</b>				
Net refunding uses	(746)	-	1,943	(72.3)
Uncollectible Advances - Prior Years	-	-	(41,415)	(100.0)
Transfers	272,842	5.1	99,200	57.1
<b>Total expenditures and uses</b>	<b>\$ 5,387,695</b>	<b>100.0 %</b>	<b>\$ 323,480</b>	<b>6.4 %</b>

**Figure 4-Current Expenditures by Functions (\$ in 000's)**

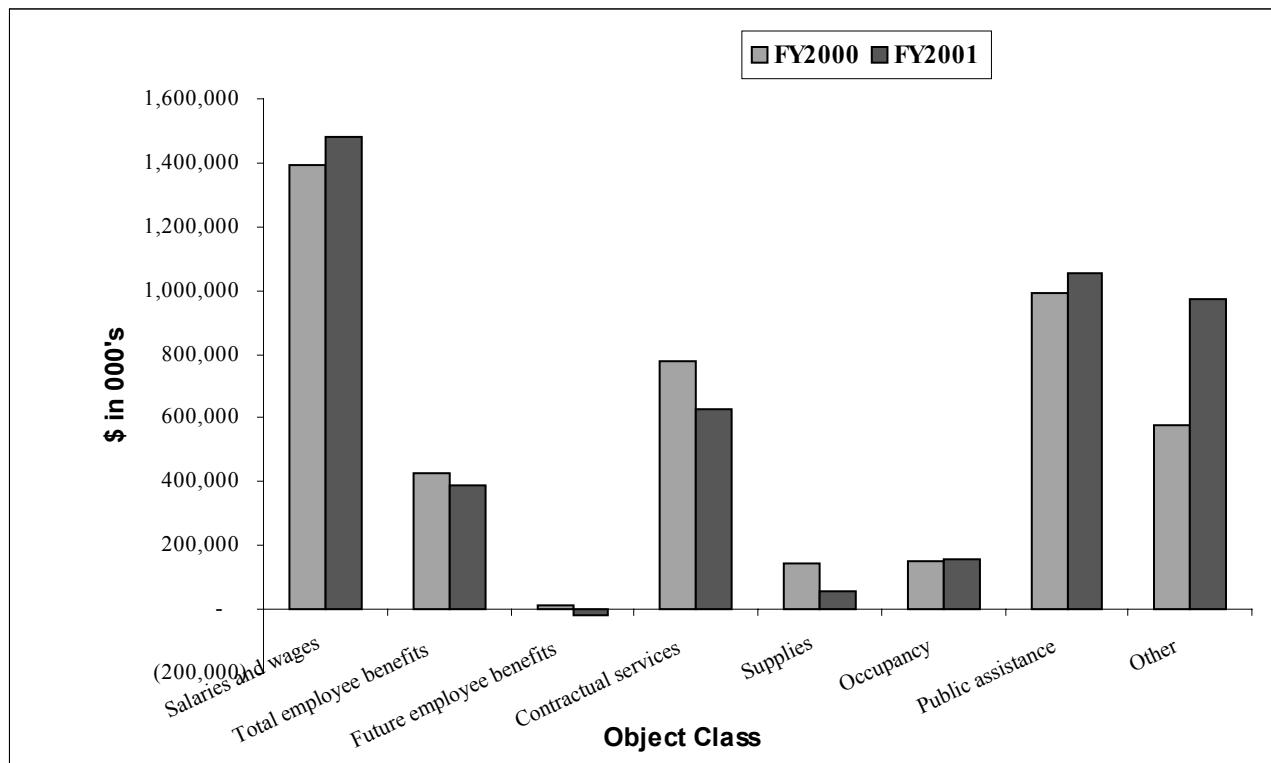


**Table 5** presents current expenditures by object class for the current year and the amount and percentage of increases and decreases in relation to prior year current expenditures.

**Table 5 - Expenditures by Object Class (\$ in 000's)**

<u>Object Class</u>	2001		Increase (Decrease) From 2000	
	Amount	Percent	Amount	Percent
Salaries and wages	\$ 1,480,848	31.4 %	\$ 86,205	6.2 %
Total employee benefits	386,725	8.2	(40,134)	(9.4)
Future employee benefits	(20,936)	(0.4)	(34,904)	(249.9)
Contractual services	625,473	13.3	(152,257)	(19.6)
Supplies	59,928	1.3	(85,097)	(58.7)
Occupancy	159,966	3.4	6,563	4.3
Public assistance	1,055,310	22.3	63,703	6.4
Other	972,310	20.5	394,826	68.4
Total current expenditures	\$ 4,719,624	100.0 %	\$ 238,905	32.6 %

**Figure 5 - Expenditures by Object class (\$ in 000's)**



### Special Revenue Funds

Special Revenue Funds include the Financial Responsibility Authority, the Tobacco Settlement Financing Corporation (TSFC) and the Tax Increment Financing (TIF) Program. The TSFC and TIF funds are new for 2001. Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Financial Responsibility Authority fund is used to account for the final year of operations prior to the suspension of oversight activities by the Authority. The TSFC fund is used to account for the tobacco litigation settlement activities of the District of Columbia. The TIF program is used to account for activities relating to various TIF development initiatives. Operations are reported to show an excess or deficiency on a flow of current financial resources measurement focus. The combined Special Revenue Funds operations are summarized in **Table 6**.

**Table 6 – Special Revenue Fund (\$ in 000's)**

		2001
	Revenues	\$ 34,842
	Financing sources	50,498
	Less Expenditures	20,675
	Excess	\$ 64,665

### Capital Projects Funds

The Capital Projects Funds include the General Capital Improvements Fund and the Highway Trust Fund. Capital Projects Funds are used to account for the purchase or construction of fixed assets that are wholly or partly financed by transfers of taxes dedicated to highway projects, capital grants, or general long-term debt. Operations are reported to show an excess or deficiency on a flow of current financial resources measurement focus.

During 2001, grants, interest, and other local revenues of the capital projects funds totaled \$259,788 and capital outlays were \$868,159 , which resulted in a shortage of revenues under expenditures of \$608,371 . The capital outlays consisted primarily of \$779,791 for general fixed assets, \$13,563 for component units fixed assets and \$22,180 for the Washington Metropolitan Area Transit Authority (WMATA) Joint Venture Subsidiary. The Capital Projects Funds had a total fund balance at the end of the year of \$(3,499), of which \$54,444 is reserved for certain highway projects, \$57,199 is reserved for the District's commitment to fund its share of joint venture capital projects of WMATA, and \$2,462 is reserved for capital expenditures.

### Enterprise Funds

Enterprise Funds are used to account for organizations engaged primarily or solely in selling goods or services to the general public on a continuing basis. The Lottery and Games Enterprise Fund operates a lottery and licenses charitable bingo, raffles and Monte Carlo parties. The Lottery and Games Enterprise Fund is summarized in **Table 7**.

**Table 7 – Enterprise Fund Summary (Lottery) (\$ in 000's)**

		2001	2000	<u>Increase</u> <u>(Decrease)</u>	%
	Operating Revenues	\$ 224,884	216,134	8,750	4%
	Expenses	142,264	148,171	(5,907)	-4%
	Other Revenue	1,479	1,534	(55)	-4%
	Income Before Transfers	84,099	69,497	14,602	21%
	Interfund Transfers In (Out)	(84,000)	(69,450)	(14,550)	21%
	Net Income	99	47	52	111%
	Retained Earnings	\$ 3,374	3,275	99	3%

### **Discretely Presented Component Units**

Component units are legally separate organizations for which the elected officials of the District are financially accountable. All component units are accounted for similar to enterprise funds; therefore, operations are reported on a flow of economic resources measurement focus. The five active component units at year-end are listed and summarized in **Table 8**.

---

**Table 8 – Discretely Presented Component Units (\$ in 000's)**

	Retained Earnings at Oct. 1, 2000	Additions		Deductions	Others and Transfers	Retained Earnings at Sept.30, 2001
		Operating Revenues	Nonoperating Revenues	Operating Expenses		
Water & Sewer Authority	\$ 300,816	237,480	6,376	222,820	4,570	326,422
Convention Center	233,229	9,811	240	26,382	55,851	272,749
Sports Commission	7,959	8,421	-	9,567	-	6,813
Housing Finance Agency	33,897	50,179	5,613	30,283	-	59,406
University	11,745	74,625	11,845	84,977	-	13,238
Total	\$ 587,646	380,516	24,074	374,029	60,421	678,628

**The Water and Sewer Authority (WASA)** operates regional sewerage system and supplies potable water from the Potomac River to the District. The unit finances the Washington Aqueduct, which is operated by the U.S. Army Corps of Engineers. District waste treatment facilities process sewage for the District and local jurisdictions in suburban Maryland and northern Virginia. Bonds issued by the Water and Sewer Authority after 1996 are not general obligations of the District and are payable solely from defined revenues and assets of the unit. However, WASA participates in new general obligation bonds that are issued by the District to refinance prior issuances in which WASA participated.

**The Washington Convention Center**, located midway between the Capitol and the White House, has 378,000 square feet of exhibit and meeting space on two levels. A new convention center is under construction and is scheduled to open in March 2003. The new facility will be the sixth largest convention center in the United States. Bonds issued by the Convention Center are not general obligations of the District and are payable solely from defined revenues and assets of the Convention Center.

**The Sports Commission** promotes the District as a sporting event site; coordinates development and construction of sporting facilities and related infrastructure; manages District owned facilities, including the Robert F. Kennedy Memorial Stadium and the National Guard Armory; and may own and operate a professional sports franchise. Bonds issued by the Commission are not general obligations of the District and are payable solely from defined revenues and assets of the Commission.

**The Housing Finance Agency** issues bonds and uses the proceeds to finance residential mortgage, construction, and rehabilitation loans. Bonds issued by the agency are not general obligations of the District and are payable solely from defined revenues and assets of the agency.

**The University** includes all activities of the University of the District of Columbia, a land-grant institution that provides low-cost post-secondary education courses leading to certificate, bachelor and advanced degrees in arts, sciences, teacher education, special career education and law.

### Trust Funds

Trust Funds are used to account for property to which the District has legal title in order to administer it for the benefit of others. The principal portion of expendable trust funds may be expended and financial activity is reported on a flow of current financial resources measurement focus. Pension trust funds, however, are reported on a flow of economic resources measurement focus because capital maintenance is critical in meeting their intended financial objectives. The two types of trust funds are summarized in **Table 9**.

---

**Table 9 – Trust Fund Summary (\$ in 000's)**

	Expendable Trust		Pension Trust		Total Trust Funds
	Unemployment Compensation	2001	2000	2001	2000
Revenues	\$ 131,296	131,895	(161,483)	332,201	(30,187)
Expenditures	99,353	80,896	7,418	3,800	106,771
Net Increase	\$ 31,943	50,999	(168,901)	328,401	(136,958)

The **Unemployment Compensation Fund** pays benefits to unemployed former employees of the District, the federal government, and private employers that do business in the District. At September 30, 2001, the fund had a total fund balance of \$303,604.

The **Pension Trust Fund** pays retirement benefits to police officers, fire fighters and public school teachers under the District retirement programs. These programs are contributory single employer defined benefit pension plans administered by the District. On October 1, 1997, all responsibility transferred to the federal government for these employee groups for service provided prior to July 1, 1997. For service provided after June 30, 1997, benefits due to police officers, fire fighters and public school teachers are funded by the District under the terms of the existing plan, with certain modifications as mandated by the Replacement Plan Act of 1998. The District made its actuarially required contribution of \$49,000 to the Police and Fire Fighters Plan and \$200 to the Teacher's Plan during the year ended September 30, 2001. Other employees are covered by the Civil Service or Social Security Retirement Systems, which are administered by the federal government, or by the Section 401(a) defined contribution plan administered by the District.

### Debt Administration

Under the District of Columbia Home Rule Act as amended, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long-term general obligation debt to exceed 17% of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues. The debt service percent limitation was increased from 14 to 17 percent in fiscal year 1998 as a result of the National Capital Revitalization and Self-Government Improvement Act of 1997 in order to compensate for the decrease in revenues from the repeal of the annual federal payment in lieu of taxes and the loss of court revenues.

At September 30, 2001, the District's general obligation debt of \$2,582 million, excluding the Water and Sewer Authority debt, was \$2,818 million below the legal debt limitation of approximately \$5,400 million.

The District has issued private activity bonds whose principal and interest are not general obligations of the District and are payable solely from defined revenues of private entities. These bonds provide economic incentive to construct, modernize, or enhance private entity facilities in the District, thereby supporting the economic base of the District. The bonds are not recorded as a liability of the District. The District issued a Tax Increment Financing (TIF) Note which is a special limited obligations of the District. The sole source of repayment of the TIF Note shall be the Increment Revenues from the Project and the District shall have no obligation to make any payments on the TIF Notes, other than through the remittance of the incremental revenues to the Paying Agent.

In addition, the District of Columbia Tobacco Settlement Financing Corporation issued bonds, which are secured by and payable solely from the Tobacco Settlement litigation revenue payable to the corporation in the future. The Tobacco

Settlement bonds do not constitute an indebtedness of the District and are not secured by a pledge of the full faith and credit of the District of Columbia Government.

**Table 10** presents the outstanding long-term general obligations of the District at September 30, 2001 and 2000. No revenue, special assessment, or overlapping debt exists. The percentage of debt to assessed value (which equals estimated actual value) and the amount of debt per capita (in dollars) are useful indicators of the District's debt position. This data for the District at September 30, 2001 and 2000 are shown in **Table 11**.

**Table 10 – Outstanding Long Term General Obligations (\$ in 000's)**

Fund Type or Account Group	2000	New Issues	Retirement	Other	2001
General obligations bonds	\$ 3,109,728	169,303	694,469	2,545	2,582,017
Tax increment financing notes	-	6,900	-	-	6,900
Tobacco settlement bonds	-	521,105	-	-	521,105
Total	\$ 3,109,728	697,308	694,469	2,545	3,110,022

**Table 11 - Debt Indicators**

	<u>Indicator</u>	2001		2000	
		%		%	
	Debt to assessed value	6.1	%	7.4	%
	Debt per capita	\$ 4,682		5,611	

During September, the District issued \$179 million in variable rate demand obligation bonds, which are described in **Table 12**.

**Table 12 – Bonds issued during current Fiscal Year (\$ in 000's)**

Issue Amount	Interest Rate	Payment Date
Series 2001A	6.02	06/01/2008
Series 2001B	5.0 – 5.25	06/01/2031

### Cash Management

Cash from all funds of the primary government is combined unless prohibited by law. Any cash that is not needed for immediate disbursement is invested in securities which are guaranteed fully by the federal government, such as mutual funds of federal government obligations or repurchase agreements collateralized by federal agency obligations.

The Financial Institutions Deposit and Investment Amendment Act of 1997 (D.C. Code 47-351.3) authorized the District to invest in certain obligations that may not be guaranteed by the federal government. Deposits and investments, except for investments of the Housing Finance Agency component unit, are collateralized with securities that are held by the District or by its agent in the District's name.

### Risk Management

The District retains the risk of loss arising out of the ownership of property or from some other cause, except health care and life insurance benefits for employees. A liability is established in the general fund to reflect certain contingencies; however, this balance is not intended to include all assets that may be required to finance losses. Rather, losses are recognized in the affected fund when they occur.

### Budgetary Compliance

**Table 13** presents comparisons between actual amounts incurred and appropriated budget amounts (as amended) of the General Fund for the year ended September 30, 2001.

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**Table 13 – Budgetary Compliance Summary (\$ in 000's)**

	GAAP Basis	Actual	Less	Appropriated (Budget Basis)		
		Nonappropriated		Actual	Budget	Variance
Revenues and sources	\$ 6,170,150	202,101		5,968,049	5,573,064	394,985
Expenditures and uses	6,092,530	380,097		5,712,433	5,458,782	(253,651)
Excess (Deficiency)	\$ 77,620	(177,996)		255,616	114,282	141,334

### Independent Audit

District law (D.C. Code 47-119) requires an annual financial audit of the District by independent certified public accountants. The audit must be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. The financial statements must be prepared in conformity with GAAP. The District has complied with these requirements and the independent auditors' report is included in the financial section of this report.

### Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the year ended September 30, 2000. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for eighteen of the last twenty years. The District believes that the current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements and it will be submitted to the GFOA for review.

### Acknowledgments

I want to thank the hundreds of accounting and financial personnel throughout the City who have cooperated with the Office of Financial Operations and Systems all year, especially in the past four months. I appreciate their efforts, which have continued to be an important factor in our preparation of this CAFR publication. Most of all, I want to thank my staff, *Grace Crocker, Bill Slack, Leticia Stevenson, Larry Daniels, Chris LaCour*, and their respective team members. I am grateful for their dedicated efforts. I also thank the Office of the Inspector General and the City's independent auditors, *KPMG LLP* who were assisted by *Bert Smith and Company, Thompson Cobb, Bazilio and Associates, and Gardiner, Kamyia and Associates* for their efforts throughout the audit engagement.

Respectfully submitted,

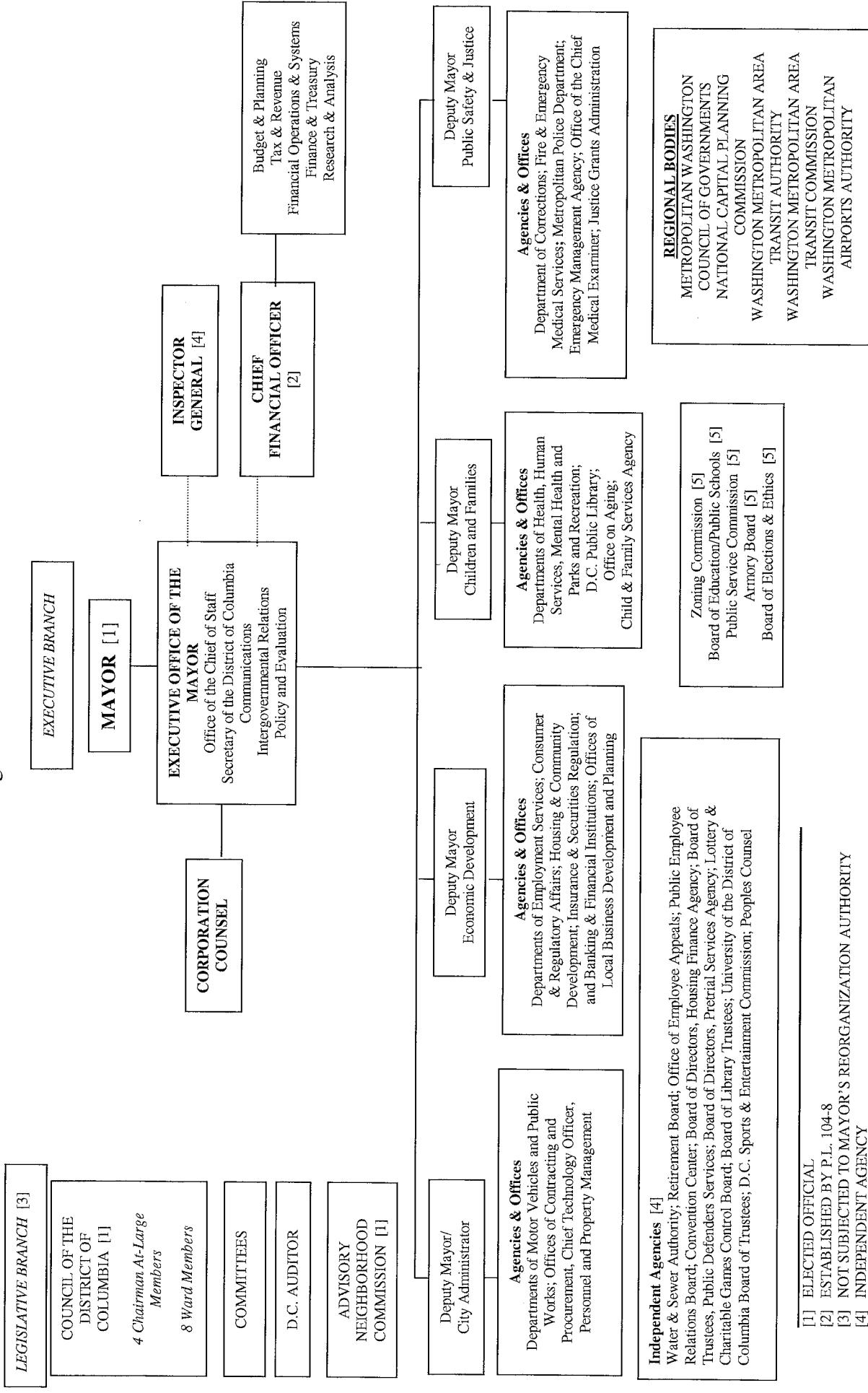


Anthony F. Pompa  
Deputy Chief Financial Officer  
Financial Operations and Systems

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## GOVERNMENT OF THE DISTRICT OF COLUMBIA

### Organizational Chart



**DISTRICT OF COLUMBIA**  
**PRINCIPAL OFFICIALS**  
**September 30, 2001**

Name	Position	First Elected or Appointed	Term Expires
<b>Chief Executive Officer</b>			
Anthony A. Williams	Mayor	1999	2003
<b>Council</b>			
Linda W. Cropp	Chairman	1991	2003
Harold Brazil	At Large	1991	2005
David A. Catania	At Large	1997	2003
Phil Mendelson	At Large	1999	2003
Carol Schwartz	At Large	1997	2005
Jim Graham	Ward 1	1999	2003
Jack Evans	Ward 2	1991	2005
Kathleen Patterson	Ward 3	1995	2003
Adrian Fenty	Ward 4	2001	2005
Vincent Orange	Ward 5	1999	2003
Sharon Ambrose	Ward 6	1997	2003
Kevin P. Chavous	Ward 7	1993	2005
Sandy Allen	Ward 8	1997	2005
<b>House of Representatives</b>			
Eleanor Holmes Norton	Delegate	1991	2003
<b>Executive Officers</b>			
Dr. Natwar M. Gandhi	Chief Financial Officer		
Robert R. Rigsby	Corporation Counsel		
Kelvin Robinson	Chief of Staff		
John Koskinen	City Administrator/Deputy Mayor for Operations		
Eric Price	Deputy Mayor for Economic Development		
Carolyn Graham	Deputy Mayor for Children and Families		
Margret Nedelkoff Kellems	Deputy Mayor for Public Safety		
Beverly D. Rivers	Secretary of the District of Columbia		
Charles C. Maddox, Esq.	Inspector General		
Anthony F. Pompa	Deputy CFO, Financial Operations and Systems		
Bert Molina	Deputy CFO, Budget and Planning		
N. Anthony Calhoun	Deputy CFO, Finance and Treasury		
Dr. Julia Friedman	Deputy CFO, Research and Analysis		
Herbert J. Huff	Deputy CFO, Tax and Revenue		

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## District of Columbia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Donald Bruce*  
President

*Jeffrey L. Easer*  
Executive Director

YEAR ENDED SEPTEMBER 30, 2001

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# Financial

Section

- Independent Auditor's Report
- General Purpose Financial Statements
- Notes to the Financial Statements
- Combining and Individual Fund Statements and Schedules



**Government of the District of Columbia**

*Office of the Chief Financial Officer*



## **INDEPENDENT AUDITOR'S REPORT**



2001 M Street, N.W.  
Washington, D.C. 20036

## Independent Auditors' Report

To the Mayor and Council of the  
Government of the District of Columbia

Inspector General of the Government  
of the District of Columbia

We have audited the general purpose financial statements of the Government of the District of Columbia (District) as of and for the year ended September 30, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2001, and the results of its operations, changes in net assets of its pension trust funds, and the cash flows of its proprietary fund type and discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", effective October 1, 2000. Also, as discussed in Notes 1 and 16, changes were made to the District's financial reporting entity during the year ended September 30, 2001.



KPMG LLP KPMG LLP a U.S. limited liability partnership, is  
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In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2002, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report identified noncompliance with certain provisions of laws and regulations, and reportable conditions in internal control over financial reporting that are required to be reported under *Government Auditing Standards*.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information in the schedules identified as Exhibits A-1 through G-6 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory section and the statistical section listed in the accompanying table of contents, and accordingly, we express no opinion thereon.

*KPMG LLP*

January 22, 2002

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## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The general purpose financial statements provide a summary overview of the financial position of all fund types, account groups and component units; and of the operating results of all fund types and component units.

## Exhibit 1

**DISTRICT OF COLUMBIA**  
**COMBINED BALANCE SHEET**

**ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS**

September 30, 2001  
 (\$000s)

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups		
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Liabilities		General Long Term Liabilities		Component Units	
							General	Fixed Assets	General	Long Term Liabilities	General	Long Term Liabilities
<b>ASSETS AND OTHER DEBITS</b>												
Cash and investments	\$ 304,850		65,685	54,737	79,795	2,401,717						1,080,185
Restricted	637,016		-	165,393	9,385	-						206,753
Taxes receivable, net	210,368		-	-	-	-						-
Accounts receivable, net	102,698		-	16,162	3,930	23,365						65,505
Due from Federal government	543,259		-	45,320	-	224						37,763
Due from primary government	-		-	-	-	-						20,784
Due from component units	11,383		-	6,510	-	-						-
Interfund receivables	36,988		-	21,932	-	97						-
Inventories	12,698		-	-	557	-						-
Loans receivable, net	16,664		-	-	-	-						8,841
Deferred charges	-		-	-	-	-						317,834
Property and equipment, net	-		-	-	1,328	-						55,749
Other assets	24,672	7	-	5	31,826	-						1,812,621
Resources available in general fund	-	-	-	-	-	-						7,097
Resources to be provided	-	-	-	-	-	-						-
Total assets and other debits	\$ 1,900,596		65,692	310,054	95,000	2,457,229	3,617,270	3,617,270	3,507,560	3,507,560		3,613,132

## Exhibit 1 (continued)

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Type			Account Groups		
	General		Special Revenue	Capital Projects	Enterprise		Trust and Agency	General Fixed Assets		General Liabilities	Long Term Liabilities	Component Units
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>												
Payables:												
Accounts	\$ 358,342	-		199,271	2,816	192,829	-	-	-	-	59,612	
Compensation	225,155	-		-	641	-	-	-	-	-	23,483	
Due to primary government	-	-		-	-	-	-	-	-	-	17,893	
Due to component units	20,784	-		-	-	-	-	-	-	-	-	
Interfund	2,693	-		-	53,331	-	2,993	-	-	-	-	
Accrued liabilities	399,184	-		-	54,178	7,841	-	-	-	-	52,463	
Deferred revenue	305,592	-		-	113	-	-	-	-	-	124,649	
Current maturities	-	-		-	-	-	-	-	-	-	131,318	
Tax increment financing notes payable	-	-		-	-	-	-	-	-	-	6,900	
General obligation bonds payable	-	-		-	-	-	-	-	-	-	2,582,017	
Tobacco settlement bonds payable	-	-		-	-	-	-	-	-	-	521,105	
Other bonds and loans payable	-	-		-	-	-	-	-	-	-	1,573,704	
Other liabilities	26,601	-		6,773	80,215	85,228	-	-	-	-	403,504	
<b>Total liabilities</b>	<b><u>1,338,351</u></b>			<b><u>313,553</u></b>	<b><u>91,626</u></b>	<b><u>281,050</u></b>					<b><u>3,507,560</u></b>	<b><u>2,465,684</u></b>
Equity (deficit) and other credits:												
Other credits:												
Investment in general fixed assets	-	-		-	-	-	-	-	-	3,617,270	-	
Contributed capital	-	-		-	-	-	-	-	-	-	410,328	
Retained earnings	-	-		-	3,374	-	-	-	-	-	678,627	
Fund balances:												
Reserved	470,911	65,692		114,105	-	2,176,179	-	-	-	-	58,493	
Unreserved	<u>91,334</u>	<u>-</u>		<u>(117,604)</u>								
<b>Total equity (deficit) and other credits</b>	<b><u>562,245</u></b>	<b><u>65,692</u></b>		<b><u>(3,499)</u></b>	<b><u>3,374</u></b>	<b><u>2,176,179</u></b>	<b><u>3,617,270</u></b>					<b><u>1,147,448</u></b>
<b>Total liabilities, equity and other credits</b>	<b><u>\$ 1,900,596</u></b>	<b><u>65,692</u></b>		<b><u>310,054</u></b>	<b><u>95,000</u></b>	<b><u>2,457,229</u></b>	<b><u>3,617,270</u></b>					<b><u>3,613,132</u></b>

*The accompanying notes are an integral part of this statement.*

## Exhibit 2

**DISTRICT OF COLUMBIA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**

Year Ended September 30, 2001  
(\$000s)

	Governmental Fund Types			Fiduciary Fund Type
	General	Special Revenue	Capital Projects	Expendable Trust
<b>Revenues:</b>				
Taxes	\$ 3,316,379	-	-	99,945
Licenses and permits	42,829	-	-	-
Fines and forfeits	58,223	-	-	-
Charges for services	182,473	6,500	-	-
Benefit contributions	-	-	-	13,424
Investment income	38,869	2,392	7,153	17,927
Miscellaneous	214,837	25,950	69,021	-
Federal contributions	370,061	-	183,614	-
Operating grants	1,241,644	-	-	-
Total revenues	<u>5,465,315</u>	<u>34,842</u>	<u>259,788</u>	<u>131,296</u>
<b>Expenditures:</b>				
Current:				
Governmental direction and support	275,739	6,257	-	-
Economic development and regulation	187,565	-	-	-
Public safety and justice	938,186	-	-	-
Public education system	1,074,437	-	-	-
Human support services	1,618,030	-	-	99,353
Public works	136,041	-	-	-
Receivingships	510,562	-	-	-
Employee benefits addition (deduction)	(20,936)	-	-	-
Capital outlay	-	6,900	845,979	-
Joint venture subsidies	138,073	-	22,180	-
Debt service:				
Principal	108,725	-	-	-
Interest and fiscal charges	149,177	7,518	-	-
Total expenditures	<u>5,115,599</u>	<u>20,675</u>	<u>868,159</u>	<u>99,353</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>349,716</b>	<b>14,167</b>	<b>(608,371)</b>	<b>31,943</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of:				
General obligation bonds	104,302	-	65,000	-
Tax increment financing notes	-	6,900	-	-
Tobacco settlement bonds	-	510,929	-	-
Payment to refunded bond escrow agent:				
Refunded debt	(584,979)	-	-	-
Other charges	(32,252)	-	-	-
Sales of fixed assets	-	-	5,613	-
Sales/purchase of Tobacco litigation revenue right	513,675	(513,675)	-	-
Operating transfers in	86,858	46,344	75,829	-
Operating transfers out	(125,030)	-	-	-
Transfers to component units	(234,670)	-	-	-
Total other financing net sources (uses)	<u>(272,096)</u>	<u>50,498</u>	<u>146,442</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>77,620</b>	<b>64,665</b>	<b>(461,929)</b>	<b>31,943</b>
<b>Fund Balances at October 1, as restated</b>	<b>484,625</b>	<b>1,027</b>	<b>458,430</b>	<b>271,661</b>
<b>Fund Balances at September 30</b>	<b>\$ 562,245</b>	<b>65,692</b>	<b>(3,499)</b>	<b>303,604</b>

*The accompanying notes are an integral part of this statement.*

## Exhibit 3

**STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION  
OF BUDGETARY BASIS WITH GAAP BASIS  
GENERAL FUND**

**Year Ended September 30, 2001**  
(\$000s)

	Original	Budget Revisions	Revised	Actual	Variance - Favorable (Unfavorable)
<b>Revenues and Other Sources:</b>					
Taxes:					
Property taxes	\$ 644,360	47,073	691,433	707,423	15,990
Sales and use taxes	651,230	45,953	697,183	677,139	(20,044)
Income and franchise taxes	1,291,179	129,294	1,420,473	1,400,237	(20,236)
Other taxes	331,660	67,658	399,318	424,474	25,156
Total taxes	2,918,429	289,978	3,208,407	3,209,273	866
Licenses and permits	37,095	4,070	41,165	41,394	229
Fines and forfeits	67,716	(14,726)	52,990	57,052	4,062
Charges for services	61,528	1,547	63,075	63,938	863
Miscellaneous	220,279	(67,351)	152,928	153,589	661
Private & other	275,523	82,306	357,829	288,169	(69,660)
Federal contributions	30,111	(66)	30,045	43,295	13,250
Operating grants	1,292,668	304,957	1,597,625	1,307,991	(289,634)
General obligation bonds					
Fund balance released from restrictions					
Interfund transfer	69,000	-	69,000	86,858	17,858
Total revenues and other sources	<u>4,972,349</u>	<u>600,715</u>	<u>5,573,064</u>	<u>5,968,049</u>	<u>394,985</u>
<b>Expenditures and Other Uses:</b>					
Governmental direction and support	195,771	45,161	240,932	216,896	24,036
Economic development and regulation	205,638	111,167	316,805	189,155	127,650
Public safety and justice	762,546	73,158	835,704	800,819	34,885
Public education system	967,176	63,349	1,030,525	1,036,130	(5,605)
FY02 public school expenditure	101,426	(59,774)	41,652	41,652	-
Human support services	1,535,654	304,924	1,840,578	1,743,190	97,388
Public works	278,242	29,881	308,123	298,453	9,670
Receivables	389,528	32,968	422,496	475,457	(52,961)
Workforce investments	-	4,813	4,813	-	4,813
Wilson Building	8,409	1,932	10,341	9,897	444
Tobacco settlement trust fund	61,406	-	61,406	-	61,406
Reserve	150,000	(104,500)	45,500	-	45,500
Financial Responsibility Authority	3,140	-	3,140	3,140	-
Repay bonds and interest	243,238	(6,900)	236,338	228,364	7,974
Refunding Bonds	-	-	-	617,230	(617,230)
Repay deficit bonds and interest	39,300	-	39,300	38,366	934
Interest on short term borrowing	1,140	-	1,140	-	1,140
Certificates of participation	7,950	-	7,950	7,929	21
Optical and dental insurance	2,675	-	2,675	-	2,675
Presidential inauguration	5,961	(13)	5,948	5,755	193
Management supervisory service	13,200	(9,784)	3,416	-	3,416
Total expenditures and other uses	<u>4,972,400</u>	<u>486,382</u>	<u>5,458,782</u>	<u>5,712,433</u>	<u>(253,651)</u>
Subtotal	(51)	114,333	114,282	255,616	141,334
Operational improvement savings	10,000	(2,395)	7,605	-	(7,605)
Management reform savings	37,000	(37,000)	-	-	-
Cafeteria plan savings	5,000	(252)	4,748	-	(4,748)
Subtotal	<u>52,000</u>	<u>(39,647)</u>	<u>12,353</u>	<u>-</u>	<u>(12,353)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>					
– BUDGETARY BASIS	<u>\$ 51,949</u>	<u>74,686</u>	<u>126,635</u>	<u>255,616</u>	<u>128,981</u>
<b>Reconcile Budgetary to GAAP Basis:</b>					
Changes in:					
Inventory				(3,794)	
Claims and judgments accrual				15,594	
Accrued annual leave				(4,251)	
Accounts receivable allowance				(27,253)	
Grant disallowance accrual				(2,091)	
All other, net				(216)	
Operating cost from enterprise funds				(8,271)	
Fund balance released from restrictions				(147,714)	
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES – GAAP BASIS</b>					
			<u>\$ 77,620</u>		

The accompanying notes are an integral part of this statement.

**Exhibit 4**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**

**Year Ended September 30, 2001**  
(\$000s)

	Proprietary Fund Type Enterprise	Component Units
<b>Operating Revenues:</b>		
Charges for services	\$ 224,884	362,031
Miscellaneous	-	50,179
Total operating revenues	<u>224,884</u>	<u>412,210</u>
<b>Operating Expenses:</b>		
Lottery prize expense	117,231	-
Personal services	5,660	152,609
Contractual services	15,799	101,158
Supplies	70	22,572
Occupancy	2,415	30,861
Depreciation	226	35,732
Miscellaneous	863	59,288
Total operating expenses	<u>142,264</u>	<u>402,220</u>
<b>OPERATING INCOME</b>	<u>82,620</u>	<u>9,990</u>
<b>Nonoperating Revenues (Expenses):</b>		
Federal government support	-	44,582
Interest revenue	1,479	26,580
Interest and fiscal charges	-	(59,113)
Miscellaneous	-	42,239
Total nonoperating revenues	<u>1,479</u>	<u>54,288</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>84,099</u>	<u>64,278</u>
<b>Transfers:</b>		
Operating transfers out	(84,000)	-
Transfers in from primary government	-	187,737
Total transfers in (out)	<u>(84,000)</u>	<u>187,737</u>
<b>NET INCOME</b>	<b>99</b>	<b>252,015</b>
Depreciation closed to Contributed Capital	-	4,570
<b>INCREASE IN RETAINED EARNINGS</b>	<b>99</b>	<b>256,585</b>
<b>Retained Earnings at October 1, as restated</b>	<u>3,275</u>	<u>408,804</u>
<b>Retained Earnings at September 30</b>	<u>\$ 3,374</u>	<u>665,389</u>

*The accompanying notes are an integral part of this statement.*

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**Exhibit 5**

**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED**  
**COMPONENT UNITS**

**Year Ended September 30, 2001**  
**(\$000s)**

	Proprietary Fund Type	
	Enterprise Fund	Component Units
<b>Operating Activities:</b>		
Cash receipts from customers	\$ 224,885	245,018
Cash receipts from loans and interest	-	53,149
Other cash receipts	-	10,578
Cash payments to vendors	(18,029)	(158,065)
Cash payments to employees	(5,602)	(72,489)
Other cash payments, including prizes	<u>(117,120)</u>	<u>(98)</u>
Net cash provided	<u>84,134</u>	<u>78,093</u>
<b>Capital and Related Financing Activities:</b>		
Acquisitions of fixed assets	(1,075)	(266,419)
Proceeds of long term bonds	-	44,617
Payments of long term debt	-	(20,386)
Payments of interest and charges	-	(20,007)
Contributions of capital	-	4,580
Net cash used	<u>(1,075)</u>	<u>(257,615)</u>
<b>Noncapital Financing Activities:</b>		
Operating grant receipts	-	33,290
Operating transfers to General Fund	(84,000)	-
Transfers from General Fund	-	55,851
Proceeds of loans payable	-	169,044
Payments of interest and charges	-	(48,415)
Mortgages and construction loans	-	(18,009)
Receipts from other funds	-	8,981
Net cash provided (used)	<u>(84,000)</u>	<u>200,742</u>
<b>Investing Activities:</b>		
Receipts of interest and dividends	1,479	27,629
Sales/maturities of investments, net	2,918	-
Repayments of loans	-	(77,437)
Net cash provided (used)	<u>4,397</u>	<u>(49,808)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>3,456</b>	<b>(28,588)</b>
<b>Cash and Investments at October 1</b>	<b><u>85,724</u></b>	<b><u>1,282,488</u></b>
<b>Cash and Investments at September 30</b>	<b><u>\$ 89,180</u></b>	<b><u>1,253,900</u></b>

**Exhibit 5**

	<b>Proprietary Fund Type</b>	<b>Enterprise Fund</b>	<b>Component Units</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities (continued):</b>			
Operating income	\$ 82,620		16,839
Depreciation	226		35,499
Miscellaneous nonoperating revenues	-		13,206
Bad debt expense	-		93
Gain on disposition of fixed assets	-		(14,905)
Decrease (increase) in assets:			
Receivables	21		(3,106)
Inventories	(1)		1,263
Other current assets	1		4,976
Increase (decrease) in liabilities:			
Payables	1,080		13,431
Accrued liabilities	111		(2,026)
Deferred revenue	(20)		5,285
Other current liabilities	96		7,538
Net Cash Provided	\$ 84,134		78,093
Noncash contributions of capital	\$ -		-

*The accompanying notes are an integral part of this statement.*

**Exhibit 6**

**COMPONENT UNIT - UNIVERSITY FUND TYPE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**UNIVERSITY OF THE DISTRICT OF COLUMBIA**

September 30, 2001

(\$000s)

		<b>Current Funds</b>		Loan Fund	Endowment Fund	Plant Funds	<b>Total</b>
		<b>Unrestricted</b>	<b>Restricted</b>				
<b>REVENUES AND OTHER ADDITIONS</b>							
Education and general	\$ 65,854	-	-	-	-	-	65,854
Auxiliary enterprises	925	-	-	-	-	-	925
Intra-District charges	817	7,029	-	-	-	-	7,846
Federal grants and contracts	332	10,588	-	-	-	-	10,920
Private grants and contracts	26	755	-	-	-	-	781
Interest on loans and other additions	-	-	7	137	-	-	144
Expended for plant facilities							
Contribution from District of Columbia	-	-	-	-	-	2,453	2,453
Current fund expenditures	-	-	-	-	-	2,549	2,549
Total revenues and other additions	67,954	18,372	7	137	5,002		91,472
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>							
Educational and general	\$ 64,910	18,350	-	-	-	-	83,260
Auxiliary enterprises	839	-	-	-	-	-	839
Provision for doubtful accounts	810	-	68	-	-	-	878
Disposal of plant facilities	-	-	-	-	-	11,316	11,316
Provision for depreciation and amortization	-	-	-	-	-	4,745	4,745
Total expenditures and other deductions	66,559	18,350	68	-	16,061		101,038
Total increase (decrease) for the year:	1,395	22	(61)	137	(11,059)		(9,566)
Fund balance at the beginning of the year:	1,643	274	803	9,025	69,552		81,297
Fund balance at the end of the year	\$ 3,038	296	742	9,162	58,493		71,731

*The accompanying notes are an integral part of this statement.*

Exhibit 7

**COMPONENT UNIT - UNIVERSITY FUND TYPE**  
**STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES**  
**UNIVERSITY OF THE DISTRICT OF COLUMBIA**  
**September 30, 2001**  
**(\$000s)**

	Unrestricted			Total Current Funds	
	Appropriated	Non-Appropriated	Total	Restricted	Current Funds
<b>Revenues</b>					
Tuition	\$ -	13,530	13,530	-	13,530
District of Columbia appropriation	46,933	-	46,933	-	46,933
Intra-District charges	-	817	817	7,029	7,846
Federal grants and contracts	-	332	332	10,588	10,920
Private grants and contracts	-	26	26	755	781
Land-grant endowment income	-	1,534	1,534	-	1,534
Auxiliary enterprises	-	925	925	-	925
Investment income	-	1,387	1,387	-	1,387
Miscellaneous fees and other sources	-	2,470	2,470	-	2,470
Total revenues	46,933	21,021	67,954	18,372	86,326
<b>Expenditures</b>					
Educational and general:					
Instruction	24,061	3,574	27,635	7,512	35,147
Research	368	306	675	1,953	2,628
Public service	962	1,227	2,189	2,681	4,870
Academic support	5,032	2,486	7,518	-	7,518
Student services	2,072	4,544	6,616	1,599	8,215
Institutional support	9,378	3,630	13,008	1,096	14,104
Operations and maintenance of plant	5,060	2,977	8,036	22	8,058
Scholarships and fellowships	-	43	43	3,509	3,552
Total educational and general expenditures	46,933	18,787	65,720	18,372	84,092
Auxiliary enterprises expenditures	-	839	839	-	839
Total expenditures	46,933	19,626	66,559	18,372	84,931
Other transfers and additions (deductions):					
Excess of restricted receipts over transfers to revenue	-	-	-	22	22
<b>Net increase in fund balances</b>	<b>\$ -</b>	<b>1,395</b>	<b>1,395</b>	<b>22</b>	<b>1,417</b>

**Exhibit 8**

**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**September 30, 2001**

(\$000s)

	Fund		
	Police and Fire	Teachers	Totals
<b>ASSETS</b>			
<b>Assets:</b>			
Cash and investments	\$ 1,159,327	825,606	1,984,933
Receivables (net of allowances for uncollectibles):			
Accounts	6,016	4,930	10,946
Interfund	<u>2</u>	<u>95</u>	<u>97</u>
<b>Total assets</b>	<b><u>1,165,345</u></b>	<b><u>830,631</u></b>	<b><u>1,995,976</u></b>
<b>Liabilities:</b>			
Payables:			
Securities lending	67,777	48,036	115,813
Accounts	2,802	3,171	5,973
Interfund	<u>945</u>	<u>670</u>	<u>1,615</u>
<b>Total liabilities</b>	<b><u>71,524</u></b>	<b><u>51,877</u></b>	<b><u>123,401</u></b>
<b>Net Assets:</b>			
Held in trust for pension benefits	<b><u>\$ 1,093,821</u></b>	<b><u>778,754</u></b>	<b><u>1,872,575</u></b>

*The accompanying notes are an integral part of this statement.*

**Exhibit 9**

**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**Year Ended September 30, 2001**

(\$000s)

	Fund		
	Police and Fire	Teachers	Totals
<b>Additions:</b>			
Benefit contributions:			
Employer	\$ 49,000	200	49,200
Employees	16,832	24,047	40,879
Investment income:			
Interest and dividends	44,214	31,112	75,326
Net appreciation in fair value of investments	(182,947)	(129,875)	(312,822)
Less - investment expenses	(8,293)	(5,773)	(14,066)
Total additions	<u>(81,194)</u>	<u>(80,289)</u>	<u>(161,483)</u>
<b>Deductions:</b>			
Administrative expenses	1,161	822	1,983
Benefit payments:			
Benefits	2,835	2,600	5,435
Total deductions	<u>3,996</u>	<u>3,422</u>	<u>7,418</u>
<b>NET DECREASE</b>	<b>(85,190)</b>	<b>(83,711)</b>	<b>(168,901)</b>
<b>Net Assets held in trust for pension benefits:</b>			
<b>October 1</b>	<b>1,179,011</b>	<b>862,465</b>	<b>2,041,476</b>
<b>September 30</b>	<b>\$ 1,093,821</b>	<b>778,754</b>	<b>1,872,575</b>

*The accompanying notes are an integral part of this statement.*

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## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

(Amounts expressed in thousands)

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BACKGROUND AND HISTORY OF GOVERNMENTAL UNIT**

##### **General Operations**

The District of Columbia (District) was created on March 30, 1791 and became the nation's capital on December 1, 1800, in accordance with Article 1, section 8, clause 17 of the United States Constitution. This portion of the Constitution empowered Congress with the authority to establish the seat of government for the United States. Congress granted the District a Charter, which became effective on January 2, 1975 through the enactment of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198.

The District is a municipal corporation, which operates under an elected Mayor-Council form of government. Accordingly, an Act of the Council, other than a budget request act, becomes a law unless Congress and the President disapprove it after it has been adopted. Citizens of the District have the right to vote for the President and Vice-President of the United States but not for members of Congress. The District does, however, have an elected nonvoting delegate to the United States House of Representatives.

Due to its unique organizational structure (i.e., not a part of any other state government), the District provides a broad range of services to its residents, including those normally provided by a state governmental entity. These services include public safety and protection, fire and emergency medical services, human support and welfare services, public education and many others.

##### **Financial Responsibility and Management Assistance Authority Oversight**

The District of Columbia Financial Responsibility and Management Assistance Authority (Financial Responsibility Authority) was created in 1995 with the enactment of Public Law 104-8 to review and approve the budget, legislation, contracts (including collective bargaining agreements) and borrowing activities of the District.

The Financial Responsibility Authority suspended all

activities on September 30, 2001 as it satisfied all the conditions for suspension in PL 104-8.

#### **B. FINANCIAL REPORTING ENTITY**

A financial reporting entity consists of a primary government and its component units. The primary government is the District of Columbia, including all of the organizations that make up its legal entity. Criteria to be considered in determining organizations to be included as component units within the District's reporting entity are as follows:

- # The District holds the corporate powers of the organization.
- # The District appoints a voting majority of the organization's board.
- # The District is able to impose its will on the organization.
- # The organization has the potential to impose a financial benefit/burden on the District.
- # There is a fiscal dependency by the organization on the District.
- # It would be misleading to exclude the organization from the District's financial report.

Based on the aforementioned criteria, the District's financial statements include six discretely presented component units, which include the Water and Sewer Authority, Convention Center, Sports and Entertainment Commission, Housing Finance Agency, the Public Benefit Corporation and the University of the District of Columbia. These organizations are presented in a separate column to emphasize that they are legally separate from the District.

The Mayor, with the consent of the Council, appoints the governing bodies of all component units. The District has an obligation to provide financial support to the Housing Finance Agency and the University of the District of Columbia. In addition, the District must approve certain transactions of the Convention Center and the Sports and Entertainment Commission, and certain tax revenues are dedicated to these organizations. The Water and Sewer Authority is responsible for the payment of certain District long-term debt issued before that entity's creation

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

to finance capital improvements for its predecessor agency. For that reason, in conjunction with the fact that the Water and Sewer Authority is an independent authority under its enabling legislation, this entity is included as a component unit of the District of Columbia. Condensed financial statements for each of the discretely presented component units and information on how to obtain a complete set of financial statements for each are presented in Note 10.

Although the Financial Responsibility Authority and the Tobacco Settlement Financing Corporation are also separate legal entities, in substance, they are part of the primary government's operations. The Financial Responsibility Authority has a federally appointed board and was created to provide temporary financial management oversight in response to the District's prior years' fiscal distress. The District is neither financially accountable, nor does it exercise control over, the Financial Responsibility Authority. Because the Financial Responsibility Authority benefits the primary government almost exclusively, it is presented as a blended component unit (special revenue fund) of the primary government. Separate audited financial statements can be requested from the District of Columbia, Office of the Chief Financial Officer, 1350 Pennsylvania Avenue, N.W., Suite 209, Washington, D.C., 20004.

Pursuant to the Tobacco Settlement Trust Fund Emergency Establishment Act of 1999, as amended by the Tobacco Settlement Financing Act of 2000 (collectively, the "Tobacco Act"), the District established the District of Columbia Tobacco Settlement Financing Corporation (the "Tobacco Corporation") as a special purpose, independent instrumentality of the District government. The Tobacco Corporation is a blended component unit because it provides services exclusively for the District and its five-member board includes the Mayor, the Chairman of the Council and the CFO. The Mayor and Council appoint the remaining two members of the board. Separate audited financial statements for the Tobacco Corporation are available from the Office of the Chief Financial Officer.

### C. RELATED ORGANIZATIONS

A related organization is one for which the primary government is accountable but not *financially accountable*. The District of Columbia Housing Authority, the National Capital Revitalization Corporation, and the District of Columbia Courts are related organizations because the District is not financially accountable for them despite the fact the Mayor appoints a voting majority of their governing boards, except the Courts. The District does not appoint

the members of the Joint Committee on Judicial Administration.

### D. JOINT VENTURE

The District is a participant with other local jurisdictions in a joint venture to plan, construct, finance and operate a public transit system serving the Metropolitan Washington Area Transit Zone, which includes the District of Columbia; cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park and the counties of Arlington, Fairfax, Loudoun and Prince William in Virginia and Montgomery, Anne Arundel and Prince George's in Maryland. The Washington Metropolitan Area Transit Authority (WMATA) was created in February 1967 for that purpose. WMATA is governed by a six member Board and six alternates, composed of two Directors and two alternates from Maryland, Virginia and the District of Columbia. The Directors and alternates for Virginia are appointed by the Northern Virginia Transportation Commission from among its members; for the District of Columbia, by the Council from its members and mayoral nominees; and for Maryland, by the Washington Suburban Transit Commission from among its members. Further information regarding this joint venture is discussed in Note 11.

### E. BASIS OF PRESENTATION

The District uses funds and account groups to report on its financial position and the results of its operations. Each fund or account group is considered to be a separate accounting entity and the transactions in each are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses/expenditures. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Transactions are classified and recorded into three major fund types: governmental, proprietary and fiduciary. Each fund type is further divided into separate and distinct funds. The funds and account groups used by the District are described in this section.

**Governmental fund types** are used to account for all of the District's general activities. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and the discretely presented component units) are accounted for in the Governmental Funds. The District's governmental funds include:

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- # *General Fund*, used to account for all financial resources not accounted for in other funds
- # *Special Revenue Funds*, used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.
- # *Capital Projects Funds*, used to account for the purchase or construction of fixed assets financed by operating transfers, capital grants or general long-term debt.

The **proprietary fund** type is used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. These funds are accounted for on a flow of economic resources measurement focus. The District has one proprietary fund, which is discussed below:

- # *Enterprise Fund*, used to account for the operations of the Lottery and Charitable Games Board

**Fiduciary fund types** are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other District funds. Expendable trust funds are accounted for in essentially the same manner as Governmental Funds. The term "expendable" refers to the fact that the District is not under an obligation to maintain the trust principal. Pension trust funds are accounted for in essentially the same manners as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds include:

- # *Unemployment Compensation Trust Fund*, an expendable trust fund, established to account for funds used to pay benefits to unemployed former employees of the District, Federal government and private employers within the District.
- # *Pension Trust Funds*, used to account for resources used for retirement annuity payments at appropriate amounts and times for police officers, firefighters, and public school teachers.
- # *Agency Funds*, used to account for resources held by the District in a purely custodial capacity (assets equal liabilities).

**University Funds** account for the operations of the University of the District of Columbia (the University).

The accounts of the University Funds are derived from its annual financial statements for the fiscal year ended September 30, 2001. Transactions reported by the University are presented in the University Funds described below.

Current funds include those assets, which can be expended for any purpose in performing the primary objectives of the University. Resources restricted by donors or other outside agencies for specific operating purposes are accounted for as restricted current funds. Loan funds include grants, which are limited by the terms of the donors for the purpose of making loans to students. Endowments and similar funds are subject to the restrictions of gift instruments, requiring in perpetuity that the principal be invested and the income only be utilized. Plant funds include resources that have been or are to be invested in fixed assets and funds reserved to retire debt incurred to finance facilities.

### Account Groups

The *General Fixed Assets Account Group* is used to account for all fixed assets of the District other than those accounted for in the Proprietary Fund.

The *General Long-Term Liabilities Account Group* is used to account for all long-term debt and vacation, sick and other leave benefits of the District other than those accounted for in the Proprietary Fund.

### F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Thus, the accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

#### Measurement Focus

All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The proprietary fund, pension trust funds, and discretely presented component units, other than the University funds are accounted for on a flow of economic resources

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds and discretely presented component units are included on the balance sheet. Fund equity of the proprietary fund type and the discretely presented component units is segregated into contributed capital and retained earnings components. The related operating statements present increases (revenues) and decreases (expenses) in retained earnings. Operating statements of pension trust funds present additions and deductions in plan net assets.

The financial statements of the University are prepared on the accrual basis of accounting and presented in accordance with generally accepted accounting principles (GAAP) applicable to the governmental colleges and universities model as defined in the American Institute of Certified Public Accountants (AICPA) Audit Guide, *Audits of Colleges and Universities*, and as modified by all applicable Governmental Accounting Standards Board (GASB) pronouncements.

**Basis of Accounting**

All governmental funds, the expendable trust fund and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are considered available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund and expendable trust fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when they become due and payable.

Those revenues susceptible to accrual are taxes, federal contributions and grants, and investment income. Property taxes are recognized as revenue in the tax year for which they are levied, provided they are available. Real property taxes are levied as of October 1 on property values assessed as of the preceding January 1. The tax levy is due and collectible in two equal installments on March 31 and September 15. On these dates, the bill becomes delinquent and the District may assess penalties and interest. Real property taxes attach as an enforceable lien on property as of October 1 of the year after levy. Sales and use taxes are recognized as revenue when the sales or uses take place. Interest on investments is recognized when earned.

In the District, the personal property tax is self-assessed. The District requires a personal property tax return for the tax year beginning July 1 - June 30 each year to be filed on or before July 31 of that tax year. The return should report the remaining cost (current value) of all tangible personal property that has taxable situs in the District of Columbia as of July 1. The property taxes become levied once the returns are filed. However, the District does not have a legal claim to a provider's resources that is enforceable through the eventual seizure of the property until after July 31 if the taxpayer fails to pay the property tax when due. The revenue budget for the Personal Property Tax is formulated with the understanding that 25% of collections are to be allocated to the current fiscal year, while the remaining 75% are to be allocated to the immediate subsequent fiscal year.

Intergovernmental revenues are amounts derived through agreements with other governments. In general, these revenues are comprised of contributions and grants made by the Federal government to the District. Contributions are recognized as revenue when received. Generally, entitlements and shared revenues are recognized as revenue when received or earlier, if measurable and available. Resources arising from grants are usually subject to restrictions; therefore, most grant revenues are recognized as revenue only when the conditions of the grant are met. Grant funds received before eligible costs are incurred are recorded as deferred revenue. Eligible grant-related expenditures or expenses incurred in advance of cash receipts are recorded as receivables and related revenue.

Licenses and permits, fines and forfeits and charges for services are not considered susceptible to accrual because they are not both measurable and available to finance expenditures of the current period. Licenses and permits and fines and forfeits are recorded as revenue when received in cash because they are generally not measurable until received. Charges for services are recorded as revenues as services are provided.

The proprietary fund, discretely presented component units and pension trust funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The pension trust funds recognize additions to net assets from participants' contributions when due; from District contributions when due and a formal commitment has been made, net investment income as earned, and expenditures for benefits and refunds when due and payable. The proprietary fund and discretely presented component units do not apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****GASB 33-Accounting And Financial Reporting For Nonexchange Transactions**

During the fiscal year ended September 30, 2001, the District implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." This statement provides reporting standards for the timing of recognition of assets and revenue from nonexchange transactions. Hence, the District recognized the following types of nonexchange transactions in accordance with the requirements of the GASB Statement:

- # Derived tax revenues
- # Imposed nonexchange revenues
- # Government-mandated nonexchange transactions
- # Voluntary nonexchange transactions

As a result, the October 1, 2000 general fund balance has been restated as follows:

October 1, 2000, as previously reported	\$ 464,937
Increase due to adoption of GASB Statement No. 33	19,688
<b>October 1, 2000, as Restated</b>	<b>\$ <u>484,625</u></b>

**G. BASIS OF BUDGETING AND BUDGETARY CONTROL POLICIES****Process**

For 2001, the last control period, the budgetary process was as follows: the Mayor submitted an operating budget, a financial plan for each project for the Capital Projects Funds and a financial plan for the following three years to the Financial Responsibility Authority for its approval. The Financial Responsibility Authority had thirty (30) days within which to review, approve and/or reject the proposed budget and financial plans. To the extent rejected, the Mayor was to submit within fifteen (15) days, a revised package to the Financial Responsibility Authority. The Financial Responsibility Authority then had fifteen (15) days within which to review, approve or reject the revised submissions. After the budget and financial plans were approved, they were submitted to the Council for a 30-day review period. The Council's financial plan and budget act was also submitted to the Financial Responsibility Authority for a 15-day review and approval period. By June 15, the Mayor submitted the approved financial plan and budget request

act and the Financial Responsibility Authority submitted a recommended financial plan and budget to the President of the United States for review, submission to Congress and enactment.

**Appropriation Act**

The legally adopted budget is the annual appropriation public law (Appropriation Act) enacted by Congress and signed by the President. The Appropriation Act authorizes expenditures at the function level or by functional category, such as Public Safety and Justice, Human Support Services or Public Education. Congress must enact a revision that alters the total expenditures of any function unless otherwise authorized by an act of Congress.

The District may request a revision to the appropriated expenditure amounts in the Appropriation Act by submitting to the President and Congress a request for a supplemental appropriation. During a control period, the Mayor may submit proposed revisions to the financial plan and budget during the year by following the same procedures as for the initial budget submission, except that the initial review period by the Financial Responsibility Authority is twenty (20) days instead of thirty (30) days and that a revision that does not increase the amount of spending with respect to any function is effective unless rejected by the Financial Responsibility Authority or Congress.

Pursuant to the Reprogramming Policy Act (D. C. Code 47-361), the District may reallocate budget amounts within functions. The appropriated budget amounts in the budgetary statement (Exhibit 3) include all approved reallocations. Exhibit 3 reflects budget to actual comparisons at the function level (or appropriation title). Appropriated actual expenditures and uses may not legally exceed appropriated budgeted expenditures and uses at the function level as shown on this budgetary statement. An unfavorable expenditure variance in the budgetary statement for a function is a violation of the Anti-Deficiency Act (31 U.S.C. 1341). Also, a violation of the Anti-Deficiency Act exists if there is an unfavorable expenditure variance for a particular purpose or object of expenditure within an appropriation.

The Appropriation Act specifies expenditures and net surplus or deficit of revenues. The Appropriation Act does not specify revenue amounts. The legally adopted revenue budget is based primarily on the revenue estimates submitted to the President and Congress as modified through legislation. The budgetary statement (Exhibit 3) shows Revenues and Other Sources as presented in the Conference Report (H.R. 106-479) and Expenditures and Other Uses as contained in the

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Appropriation Act (PL 106-113.)

The budgetary general fund differs from the GAAP- basis general fund by including the Financial Responsibility Authority special revenue fund and the University discretely presented component unit and by excluding the Retirement Board and the Correctional Industries Division. The annual appropriated budget is enacted on a basis that is not consistent with GAAP because of differences that result from budgeting inventory, Medicaid, certain pension and other employee benefits, and other expenditures on a cash basis, and budgeting dedicated tax revenues to the benefiting fund rather than to the fund with the authority to levy and collect the tax.

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses from budget basis to GAAP basis are shown in Exhibit 3, Statement of Revenues, Expenditures and Reconciliation of Budgetary Basis With GAAP Basis – General Fund. This statement also reflects revisions to the original budget as authorized by the Financial Responsibility Authority, pursuant to Public Laws 104-8 and 106-113.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the appropriation, is employed in the governmental fund types. Encumbrances outstanding at year-end do not constitute expenditures or liabilities for GAAP or budgetary statement basis financial statements. The fund balance is "reserved for encumbrances" to indicate the portion that is available for expenditure upon vendor performance.

## **H. CASH AND INVESTMENTS**

### **Cash**

Cash from the general and capital projects funds and certain component units is pooled unless prohibited by law. The cash management pool is considered to be cash because it is used as a demand deposit account by each participating fund and component unit. If a fund overdraws its share of the pooled cash, that fund reports a liability to the General Fund, which is deemed to have loaned the cash to the overdrawn fund. The General Fund reports a receivable from the overdrawn fund.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that their values are

effectively immune from changes in interest rates. The District's cash management pool is considered a cash equivalent. For an investment to be considered a cash equivalent, it must mature no more than three months after the date it is purchased.

### **Investments**

Any cash that is not needed for immediate disbursement is used to purchase investments. The District purchases legally authorized investments consistent with the provisions of the "Financial Institutions Deposit and Investment Amendment Act of 1997" (D.C. Law 12-56), which became effective March 18, 1998. At September 30, 2001, the District has invested primarily in investments backed by U. S. government agencies' securities, with the implicit guarantee of the federal government. Such investments are considered to be the equivalents of cash. The Pension Trust Funds are also authorized to invest in fixed income, equity securities and other types of investments.

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date. Cash received as collateral on securities lending transactions and investments made with such are reported as assets and as related liabilities for collateral received.

## **I. RESTRICTED ASSETS**

Certain general fund, component unit, enterprise fund and all fiduciary fund assets are restricted as to use by legal or contractual requirements. In addition, certain taxes that have been designated for certain highway projects are legally restricted and are included as restricted assets in the Capital Projects Funds. Any excess of restricted assets over liabilities payable from restricted assets is reported as part of the reserved fund balance in the appropriate fund to indicate that portion of the fund balance that is available for restricted purposes only. Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for certain purposes such as the payment of bond principal and interest or the payment of fiscal fees on long-term debt.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****J. PREPAID ITEMS AND DEFERRED CHARGES**

Prepaid items are for payments made by the District in the current year for services to be received in the subsequent fiscal year. Such advance payments are recorded as prepaid charges at the time of prepayment and recognized as expenditures/expenses when the related services are received.

In governmental fund types, bond discounts (premiums) and issuance costs are recognized in the current period as interest and fiscal charges, respectively. In the proprietary fund and discretely presented component units, bond discounts (premiums) and issuance costs are capitalized as deferred charges and amortized as fiscal charges over the term of the bonds.

**K. INVENTORIES**

Inventories in the General Fund consist of expendable supplies and materials held for consumption. Inventories on hand at year-end are stated at cost (generally using the weighted-average method.) The District utilizes the consumption method to account for inventory whereby materials and supplies are recorded as inventory when purchased and as expenditures/expenses when they are consumed.

The inventories in the proprietary fund and discretely presented component units also consist of materials and supplies and are recorded at the lower of weighted average cost or market.

**L. RECEIVABLES AND PAYABLES**

Taxes receivable are taxes levied by the District, including interest and penalties on delinquent taxes, which have not been collected, canceled or abated, less the portion of the receivables estimated not to be collectible. Accounts receivable are amounts owed by customers for goods or services sold. Intergovernmental receivables are amounts owed by other governments to the District.

Accounts payable are amounts owed to vendors for goods or services purchased and received. Intergovernmental payables are amounts owed to other governments.

Short-term amounts owed between funds are classified as "Due to/from other funds" in the balance sheet. Short-term amounts owed between the primary government and a discretely presented component unit are classified as "Due to/from primary government" and "Due to/from

component unit" in the balance sheet.

**M. TRANSFERS AND OTHER TRANSACTIONS BETWEEN FUNDS**

Interfund transactions are categorized as (a) revenues and expense/expenditure transactions consisting of temporary interfund transactions which include reimbursements and quasi-external transactions or (b) reallocation of resources transactions including temporary interfund loans or advances, permanent residual equity transfers or operating transfers.

Legally authorized interfund transfers, other than those that are nonrecurring or non-routine transfers of equity, are considered operating transfers. Reimbursements between funds occur when expenditures/expenses made from one fund are properly applicable to another fund.

Operating transfers are included in the results of operations of both the governmental and proprietary fund types. Accordingly, operating transfers are reported in the "Other Financing Sources (Uses)" section of the statement of revenues, expenditures, and changes in fund balance (governmental funds) and in the "Operating Transfers" section in the statement of revenues, expenses, and changes in retained earnings (proprietary funds).

**N. FIXED ASSETS****General Fixed Assets Account Group**

Fixed assets used in Governmental Fund type operations are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. All purchased fixed assets are stated at cost when historical records are available and at estimated historical cost when no historical records exist. Assets acquired through capital leases are stated at the lesser of the present value of the lease payments or the fair value of the asset at the date of lease inception. Donated fixed assets are stated at their estimated fair market value on the date received. The cost of maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Betterments are capitalized over the remaining useful lives of the related fixed assets. Public domain (infrastructure) improvements, such as bridges, curbs, gutters, lights, sidewalks, streets, and similar assets that are immovable and of value only to the District, are capitalized as improvements.

**Proprietary Fund Type and Discretely Presented Component Units**

Fixed assets used by the proprietary fund and the

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

discretely presented component units are capitalized in the funds that utilize the assets. Such assets are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Interest is capitalized in the proprietary fund on assets constructed with long-term debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred on tax-exempt debt from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

### **Capitalization and Depreciation Policies**

Assets capitalized have an original cost of \$5,000 or more per unit. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives for fixed assets are shown in **Table 1** by category.

**Table 1 – Estimated Useful Lives (by Asset Category)**

<b>Useful Life</b>	
Sewer lines	60 years
Buildings	30-50 years
Equipment	3-15 years
Vehicles	5-10 years
Infrastructure	30 years

Depreciation of general fixed assets is accumulated in the General Fixed Assets Account Group. No expenditure is reported for this amount in the governmental fund types. Depreciation of proprietary fixed assets and that of discretely presented component units is reported as an operating expense in the funds that utilize the assets.

### **O. CAPITAL LEASES**

Capital lease obligations for the governmental fund types are reported in the General Long-Term Liabilities Account Group and the related assets are reported in the General Fixed Assets Account Group. Capital lease obligations for the proprietary fund and discretely presented component units are reported in those funds as long-term obligations, along with the related assets and depreciation.

### **P. COMPENSATED ABSENCES**

#### **Benefit Accumulation Policies**

The District's policy allows employees to accumulate unused sick leave, with no maximum limitation. Vacation (annual) leave may be accumulated up to 240 hours, depending on the employee's length of service.

#### **Accrual**

The District records accumulated annual leave in its governmental funds in an amount that is expected to be used by the end of the current calendar year as an expenditure and liability. Accumulated annual leave that will not be used by the end of the current calendar year is reported in the General Long-Term Liabilities Account Group. Accumulated annual leave of the proprietary fund and discretely presented component units is recorded as an expense and liability of those funds as the benefits accrue to employees.

The District does not record a liability for non-vesting accumulating rights to receive sick pay benefits. At the time of retirement, unused sick leave is credited at the rate of 22 days for each month of service and is added to the retirees' years of service in the Civil Service Retirement System and in the District Retirement Program.

An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments at time of retirement rather than be taken as absences due to illness or other contingencies. The District estimates the sick leave liability based on the sick leave accumulated at the balance sheet date by employees who are currently eligible for retirement and to receive sick leave payments upon separation, or who are expected to become eligible in the future to receive such payments. Accumulated compensatory leave in lieu of paid overtime is reported in the General Long-Term Liabilities Account Group for governmental funds or in the proprietary fund or discretely presented component units.

### **Q. LONG-TERM LIABILITIES**

Under the District of Columbia Home Rule Act, as amended, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all general obligation debt to exceed 17% of the total local revenues of the then-current fiscal year in which the debt is issued. The legal debt limitation is calculated annually by dividing maximum annual principal and interest by current-year total local-source revenues (excluding revenue and debt of the Water and Sewer Authority, pursuant to the Home Rule Act.)

General obligation bonds, revenue bonds and other long-

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

term liabilities directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term indebtedness of the District, such as disability compensation, compensated absences, employee separation incentives and accrued interest liabilities, which have been incurred but not financed, are reported in the General Long-Term Liabilities Account Group. Such obligations are to be paid through the District's General Fund.

Capital appreciation bonds are issued with a stated interest rate of zero percent. The associated interest is not paid until the bonds mature. Accrued interest is calculated throughout the maturity periods of the bonds and is recorded in the General Long-Term Liabilities Account Group. The accreted value of such bonds is the current value, taking into account the interest that has been accumulating and automatically reinvested in the bonds.

### **R. NATURE AND PURPOSE OF FUND BALANCE RESERVATIONS AND DESIGNATIONS**

The amount of fund balance that is available for future operations is presented as "unreserved." Reservations of fund balance represent amounts that are legally or statutorily identified for specific purposes or portions that are not appropriable for expenditure. Designations of fund balance represent management's intent to fund future projects, but do not represent a legal or statutory requirement to do so.

As of September 30, 2001, the District had established the following reservations (see **Table 24**):

*Reserve for debt service–bond escrow* – This portion of fund balance represents that portion of investments held in escrow that are available for future debt service obligations or requirements.

*Reserve for Emergency Cash Reserve Fund* – This portion of fund balance represents amounts that, in accordance with legislative mandate, are held in an emergency reserve fund, to be used for unanticipated and non-recurring, extraordinary needs of an emergency nature.

*Reserve for long-term assets* - This portion of fund balance represents those long-term assets that are not available for appropriation and expenditure at September 30, 2001.

*Reserve for other assets* – This portion of fund balance represents that portion of other assets that is not available for appropriation and expenditure at September 30, 2001.

*Reserve for inventories* – This portion of fund balance represents that portion of inventories that is not available for appropriation and expenditure at September 30, 2001.

*Reserve for grants restricted as to purpose* - This portion of fund balance represents grants received by the District that must be used in accordance with grant-imposed restrictions.

*Reserve for encumbrances* - This portion of fund balance represents the portion of the fund balance that has been segregated for expenditure on vendor performance.

*Reserve for joint venture capital subsidies* – This portion of fund balance represents amounts that have been placed in escrow for transfer to the Washington Metropolitan Area Transit Authority, in the form of capital subsidies.

*Reserve for capital project expenditures* - This portion of fund balance represents resources of the District that are available at September 30, 2001 for expenditure relating to capital projects.

*Reserve for future benefits* - This portion of fund balance represents the portion of resources that is available for benefit payments from the Unemployment Compensation and the Pension Trust Funds at September 30, 2001.

### **S. POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, employees may receive post-retirement health care and life insurance benefits. In fiscal year 2001, there were 8,417 pre-87 (Civil Service) and 8,849 post-87 (DC Defined Contribution) employees, which totaled 17,266 employees who are eligible for such benefits. The cost of providing such benefits to employees hired prior to October 1, 1987 is borne by the federal government and the District has no liability for this cost. Employees hired after September 30, 1987, pursuant to the D.C. Code 1-622, who subsequently retire may be eligible to continue their health care benefits. Furthermore, in accordance with D.C. Code 1-623, these employees may convert their group life insurance to individual life insurance. The District therefore bears responsibility for the cost relating to employees hired after September 30, 1987. The District does not record a liability for its portion of the cost of post-retirement benefits but rather records such cost as expenditures when premiums are paid. The District has recognized \$241 as expenditures for post-retirement health and life insurance premiums paid during

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

fiscal year 2001. As of September 30, 2001, there were 13,260 annuitants that received these benefits.

### **T. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the

United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 2. CASH AND INVESTMENTS**

### **A. CASH**

The District of Columbia follows the practice of pooling cash and cash equivalents for some of its governmental funds and component units in order to provide better physical custody and control of cash, to enhance operating efficiency and to maximize investment opportunities. Of \$1,750,780 within the custody of the District, in accordance with District policies, substantially all deposits as of September 30, 2001 were insured or collateralized with securities held by the District or by its agent in the District's name. At September 30, 2001, the carrying amount of cash (deposits) for the primary government was \$1,684,122 and the bank balance was \$1,543,944. The carrying amount of cash (deposits) for the component units was \$66,659 and the bank balance was \$53,545.

### **B. INVESTMENTS**

Investments held by the District at September 30, 2001 have been categorized according to the level of custodial credit risk associated with its custodial arrangements at the end of the period.

#### *Custodial Credit Risk Categorization*

Custodial credit risk refers to the risk that the District may not be able to obtain possession of its investments in the event of default by a counter party. The three types of custodial credit risk are:

- # Category 1, which includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name;
- # Category 2, which includes uninsured and unregistered investments for which securities are held by the counter party's trust department or agent in the District's name; and

# Category 3, which includes uninsured and unregistered investments for which securities are held by the counter party, or by its trust department or agent, but not in the District's name.

Investments not evidenced by securities that exist in physical or book entry form are not categorized. Investments by type and category at September 30, 2001 are shown in **Table 2** on the following page.

#### **Derivative Investments**

In accordance with the policies of the Retirement Board and pursuant to D. C. Code Section 1-741(a)(2)(C), during 2001, the Pension Trust Funds (the Funds) held certain derivative investments to increase potential earnings or to hedge against potential losses. Derivative investments are defined as financial instruments, the values of which depend on or are derived from the value of an underlying asset, reference rate, or index. Derivative investments often contain exposure to market risk resulting from fluctuations in interest and currency exchange rates or changes in the price or principal value of a security. The investment credit risk results from the creditworthiness of the counter parties to the contracts and, for asset backed securities and collateralized mortgage obligations, the creditworthiness of the related consumers and mortgages. The Retirement Board maintains that all contracts are legally permissible in accordance with its policy.

For 2001, derivative investments included foreign currency forward contracts, mortgage-backed security pools, collateralized mortgage obligations, asset backed securities and floating rate notes, interest only treasury securities, bond options and futures, and equity index futures.

These derivative investments are included in the Category 1 investments shown in **Table 2**.

**NOTE 2. CASH AND INVESTMENTS****Table 2 – Investments by Type and Category (\$000s)**

	Category			Total
	1	2	3	Carrying Value
<b>Primary Government:</b>				
Investments:				
U. S. government securities	\$ 363	\$ 19	\$ -	\$ 382
Repurchase agreements	207,224	-	-	207,224
Corporate securities	5,000	14,317	-	19,317
Pension trust funds investments:				
Equity securities (net of securities transaction payable of \$422,100)	641,541	-	-	641,541
Fixed income securities	645,862	-	-	645,862
	1,499,990	14,336	-	1,514,326
Not Categorized:				
M utual funds				286,445
Pension trust funds investments:	-	-	-	
Real estate	-	-	-	4,877
Equity securities	-	-	-	38,235
Fixed income securities	-	-	-	74,785
Securities lending collective investment pool	-	-	-	115,813
Total investments (excluding certificates of deposit (primary government))	-	-	-	2,034,481
<b>Component Units:</b>				
U. S. government securities	52,631	327,594	-	380,225
Repurchase agreements	75,518	-	-	75,518
Corporate securities	79,323	235,593	-	314,916
Investment contracts	-	-	-	345,352
	207,472	563,187	-	1,116,011
M utual funds				104,244
Total investments (component units)				1,220,255
<b>Total reporting entity</b>				<b>\$ 3,254,736</b>

The Funds used asset backed securities (ABS), collateralized mortgage obligations (CMOs,) mortgage-backed pools and securities, floating rate notes, structured notes, stripped/zero coupon bonds, and forward mortgage backed security contracts (TBAs) primarily to increase potential returns. ABS and mortgage-backed pools and securities offer higher potential yields than comparable duration U. S. Treasury Notes with higher credit and market risks. CMO's also offer higher potential yields than comparable duration U. S. Treasury Notes, with

higher market risks, although the market risks may be higher or lower than comparable mortgage-backed pools. Market risk for asset backed and mortgage backed pools and securities is managed by monitoring the duration of the investments. Credit risk is managed by monitoring credit ratings, the underlying collateral for each security and any related guarantee.

The Funds invest in structured notes with step-up coupons that offer higher yields than comparable U. S. Treasury

## NOTE 2. CASH AND INVESTMENTS

Notes in exchange for higher market and/or credit risks. Securities with step-up coupons pay interest according to a pre-set series of interest rates, which start at one rate and then step-up to higher rates on specific dates. The Funds also contain stripped/zero coupon bonds, which are purchased at a discount and do not pay an interest rate.

The Funds also hold derivative investments indirectly by participating in pooled, commingled, mutual or short-term funds that hold derivatives. Information regarding any risks associated with these holdings is not generally

available.

At September 30, 2001, Pension Trust Funds' portfolio included \$356,368 of derivative investments, or 17.9% of the pension investment portfolio. The proportion of derivative investments varied at times throughout the year. Further information regarding balances throughout the year is not available.

Derivative investments by type at September 30, 2001 are shown in **Table 3**.

**Table 3 – Derivative Investments by Type (\$000s)**

<b>Investment Instrument Type</b>		
Mortgage backed securities	\$	249,105
Collateralized mortgage obligations		21,672
Asset backed securities		71,872
Structured notes (including stripped securities)		3,377
Stock performance index futures fund		<u>85,270</u>
 <b>Total derivatives</b>	 <b>\$</b>	 <b>431,296</b>

At September 30, 2001, the Housing Finance Agency held \$249,105 in Government National Mortgage Association (GNMA) certificates, which are classified as mortgage-backed securities.

### C. SECURITIES LENDING

During FY 2001, the master custodian, at the direction of the Retirement Board, lent the Funds' equity securities and received collateral in the form of cash (United States and foreign currency), securities issued or guaranteed by the United States government, the sovereign debt of Organization of Economic Cooperation and Development countries and irrevocable letters of credit by a bank insured by the FDIC. The collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers delivered collateral for each loan equal to (i) at least 102% of the market value of the loaned securities if these securities were sovereign debt issued by a foreign government denominated in U. S. dollars or their primary trading market was located in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

The Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-

exempt plan lenders, in a collective investment pool. At September 30, 2001, the investment pool had an average duration of 74 days and an average weighted maturity of 193 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

During FY 2001, the Retirement Board did not restrict the amount of loans that the master custodian made on its behalf. No failure to return loaned securities or to pay distributions occurred during the year, and no losses were incurred from a default of a borrower or the master custodian. The Funds had no credit risk exposure to borrowers as of year-end. As of September 30, 2001, the collateral held and the market value of securities on the loan for the Board were \$125,382 and \$122,402, respectively. The collateral held is included in cash and investments shown in Exhibit 6 and the liabilities associated with the securities lending transactions are reported in Exhibit 6, at their carrying amounts, which are less than their market values.

At the close of 2001, gross earnings from securities lending transactions totaled \$9,433. The income (net of amortization and accretion), the net realized/unrealized

## **NOTE 2. CASH AND INVESTMENTS**

gain attributable to discount and premium, and the net increase in net assets resulting from operations totaled \$7,807, \$1,506 and \$9,306, respectively. The Funds'

share of the net earnings on securities lending transactions totaled \$759 in 2001.

## **NOTE 3. RESTRICTED ASSETS**

At September 30, 2001, restricted assets of the primary government and its component units totaled \$3,986,969 as summarized in **Table 4**.

**Table 4 – Summary of Restricted Assets (\$000s)**

	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	Component Units
Bond Escrow Accounts	\$ 203,992	-	-	-	-	-
Restricted Investments – Unpaid Prizes	-	-	-	79,795	-	-
Joint Venture Escrow Fund	-	-	54,737	-	-	-
Restricted Cash and Investments	100,858	65,685	-		2,401,717	1,080,185
<b>Totals</b>	<b><u>\$ 304,850</u></b>	<b><u>65,685</u></b>	<b><u>54,737</u></b>	<b><u>79,795</u></b>	<b><u>2,401,717</u></b>	<b><u>1,080,185</u></b>

## **NOTE 4. COMPONENT UNIT AND INTERFUND BALANCES AND OTHER RECEIVABLES**

### **A. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS**

Due to/due from and interfund receivable and payable balances for each individual fund and component unit at September 30, 2001 are shown in **Table 5**.

**Table 5 – Summary of Due To/Due From and Interfund Balances (\$000s)**

<b>Fund or Component Unit</b>	<b>Primary Government/ Component Units</b>		<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>	<b>Receivables</b>	<b>Payables</b>
General	\$ 11,383	20,784	36,988	2,693
Capital Projects	6,510	-	21,932	53,331
Unemployment Compensation	-	-	-	1,281
Pension Fund	-	-	97	1,615
Agency Fund	-	-	-	97
Water and Sewer	16,749	6,510	-	-
Convention Center	4,035	-	-	-
University	-	11,383	-	-
<b>Total</b>	<b><u>\$ 38,677</u></b>	<b><u>38,677</u></b>	<b><u>59,017</u></b>	<b><u>59,017</u></b>
Less-allowance for uncollectibles	-		-	
<b>Net total</b>	<b><u>\$ 38,677</u></b>		<b><u>59,017</u></b>	

## NOTE 5. FIXED ASSETS

### B. OTHER RECEIVABLES

Taxes and other receivables are valued at their estimated collectible amount. These receivables are presented in various funds as shown in **Table 6**.

**Table 6 - Other Receivables (\$000s)**

	General Fund	Capital Projects	Enterprise	Trust and Agency	Discretely Presented
<b>Gross Receivable:</b>					
Taxes	\$ 306,587	-	-	-	-
Accounts	292,322	16,162	4,386	36,749	72,741
<b>Total gross receivable</b>	<b>598,909</b>	<b>16,162</b>	<b>4,386</b>	<b>36,749</b>	<b>72,741</b>
Less-allowance for uncollectibles	285,843	-	456	13,384	7,236
<b>Total net receivable</b>	<b>\$ 313,066</b>	<b>16,162</b>	<b>3,930</b>	<b>23,365</b>	<b>65,505</b>

## NOTE 5. FIXED ASSETS

### A. GENERAL FIXED ASSETS BY CLASS

**Table 7** presents the changes in the General Fixed Assets Account Group by category for the primary government:

**Table 7 - Changes in the General Fixed Assets by Asset Class (\$000s)**

Asset Class	Balance		CIP	Balance		
	October 1, 2000	Additions		Transfers/ Dispositions	Transfers in (out)	September 30, 2001
Land	\$ 240,241		27,321	-		267,562
Improvements	2,368,311		1,582	245,447		2,615,340
Buildings	2,328,835	-	209,577	137,080		2,675,492
Equipment	358,956	26,392	11,157	62,749		459,254
Construction in progress	200,265	780,056	(277,776)	(445,276)		257,269
<b>Total</b>	<b>5,496,608</b>	<b>806,448</b>	<b>(28,139)</b>	<b>-</b>		<b>6,274,917</b>
Less-accumulated depreciation	(2,396,691)	(154,908)	(106,048)	-		(2,657,647)
<b>Net general fixed assets</b>	<b>3,099,917</b>	<b>651,540</b>	<b>(134,187)</b>	<b>-</b>		<b>3,617,270</b>
Governmental	2,096,889	519,956	(126,257)	-		2,490,588
Intergovernmental	1,003,028	131,584	(7,930)	-		1,126,682
<b>Total resources invested</b>	<b>\$ 3,099,917</b>	<b>651,540</b>	<b>(134,187)</b>	<b>-</b>		<b>3,617,270</b>

Capital outlays totaled \$868,159 for the fiscal year ended September 30, 2001, which are reported in the Capital Projects Funds. As construction progresses, the cumulative expenditures are capitalized as construction in progress in the General Fixed Assets Account Group. Upon completion of the asset, the balance in the Construction in Progress account is transferred to an appropriate descriptive capital asset account such as

building or equipment.

Included in major additions to fixed assets are the Wilson Building with a carrying value of \$64,350, the old Convention Center with a carrying value of \$82,056, a new elementary school with a carrying value of \$9,131, the transfer of buildings from the University of the District of Columbia with a carrying value of \$10,930,

## **NOTE 4. COMPONENT UNIT AND INTERFUND BALANCES AND OTHER RECEIVABLES**

and donations from the Federal Government for the Health Department with a carrying value of \$20,295. Furthermore, the sale of the DOES building was included in transfer/dispositions.

### **Mayor's Mansion**

In February 2001, The Eugene B. Casey Foundation offered to purchase property located at 1801 Foxhall

Road, N.W., and to renovate the existing structures to be used as the Official Residence of the Mayor, to be named the Casey Mansion. This unexpected offer will provide the District a mayoral residence, similar to that provided by each of the 50 U.S. States, many major U.S. cities and also to the mayors of many other world capital cities.

## **B. GENERAL FIXED ASSETS BY FUNCTION**

**Table 8** presents the changes in the General Fixed Assets by function for the primary government:

**Table 8- General Fixed Assets by Function (\$000s)**

<b>Function</b>	<b>Balance</b>			<b>CIP</b>	<b>Balance</b>
	<b>October 1, 2000</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Dispositions</b>	<b>Transfers in (out)</b>	<b>September 30, 2001</b>
Governmental direction and support	\$ 471,266	382	120,620	55,817	648,085
Economic development and regulation	135,141	992	854	4,536	141,523
Public safety and justice	746,235	5,633	(11,315)	37,457	778,010
Public education system	700,713	857	864	-	702,434
Human support services	439,551	3,954	134,020	20,071	597,596
Public works	2,803,437	14,574	4,594	327,395	3,150,000
Construction in progress (CIP)	200,265	780,056	(277,776)	(445,276)	257,269
<b>Total</b>	<b>\$ 5,496,608</b>	<b>806,448</b>	<b>(28,139)</b>	<b>-</b>	<b>6,274,917</b>

## **C. ENTERPRISE FUND FIXED ASSETS**

Enterprise fund fixed assets are as presented in **Table 9**.

**Table 9 - Enterprise Fund Fixed Assets (\$000s)**

<b>Asset Class</b>	<b>Balance</b>			<b>Balance</b>
	<b>October 1, 2000</b>	<b>Transfers/ Additions</b>	<b>Transfers/ Dispositions</b>	<b>September 30, 2001</b>
Equipment	\$ 3,129	1,075	(592)	3,612
<b>Total</b>	<b>3,129</b>	<b>1,075</b>	<b>(592)</b>	<b>3,612</b>
Less-accumulated depreciation	(2,649)	(227)	592	(2,284)
<b>Net fixed assets</b>	<b>\$ 480</b>	<b>848</b>	<b>-</b>	<b>1,328</b>

## NOTE 5. FIXED ASSETS

### D. DISCRETELY PRESENTED COMPONENT UNITS FIXED ASSETS

A summary of fixed assets by class for the discretely presented component units is shown in **Table 10**.

**Table 10 - Fixed Assets by Class for the Discretely Presented Component Units (\$000s)**

Asset Class	Balance		Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2001
	October 1, 2000	Additions			
Land	\$ 42,072	151	(30,284)	-	11,939
Utility plant	1,591,836	-	-	52,628	1,644,464
Buildings	346,606	-	(203,374)	-	143,232
Equipment	143,414	3,907	(47,583)	16,505	116,243
Construction in progress	380,792	270,302	-	(69,133)	581,961
<b>Total</b>	<b>2,504,720</b>	<b>274,360</b>	<b>(281,241)</b>	-	<b>2,497,839</b>
Less-accumulated depreciation	834,889	40,479	(190,150)	-	685,218
<b>Net fixed assets</b>	<b>\$ 1,669,831</b>	<b>233,881</b>	<b>(91,091)</b>	-	<b>1,812,621</b>

### E. CONSTRUCTION IN PROGRESS

Construction in progress by function is shown in **Table 11**:

**Table 11 – Construction In Progress by Function (\$000s)**

Function	Number of Projects	Authorizations	Cumulative Expenditures	Unexpended Balances
Governmental direction and support	10	\$ 184,373	100,130	84,243
Public safety and justice	6	81,930	5,775	76,155
Public education system	6	885,895	134,341	751,554
Human support services	9	73,722	16,890	56,832
Public works	1	133	133	-
<b>Total general</b>	<b>32</b>	<b>\$ 1,226,053</b>	<b>257,269</b>	<b>968,784</b>

The Capital Projects Funds include certain assets and liabilities arising from dedicated taxes that are legally restricted for various highway projects. Any excess of restricted assets over liabilities payable from restricted assets is reported as "reserved for capital project expenditures." As of September 30, 2001, the District incurred commitments related to unperformed (executory) contracts for goods and services related to its general capital improvement program in the amount of \$625,206.

#### ***Contributed Capital***

Contributed capital is created when a residual equity transfer is received by a proprietary fund or component unit, when a general fixed asset is "transferred" to a proprietary fund or, prior to October 1, 2000, when a grant was received that was externally restricted to capital acquisition or construction. Two component units

reported contributed capital totaling \$410,328, as follows:

At September 30, 2001, the Public Benefit Corporation was no longer in existence, and as such the contributed capital was retired.

The Water and Sewer Authority's contributed capital originates from two sources. Federal government contributed capital represents the undepreciated balances of the utility plant constructed from federal funding sources. District of Columbia contributed capital represents its original equity on September 30, 1979, the date the Water and Sewer Fund was organized, plus donated property and assets transferred from the District's General Fixed Assets Group of Accounts during subsequent years. At September 30, 2001, Federal government contributed capital totaled \$221,020 and District contributed capital totaled \$173,593.

## NOTE 5. FIXED ASSETS

A new Convention Center is being constructed and scheduled to be opened in 2003. This decision changed the accounting treatment of the old convention center from capital lease to operating lease. Accordingly, the contributed capital has been removed from the accounting books of the old Convention Center. Additionally, convention center recaptured \$13,304 of previously recorded depreciation expense and recorded it against the October 1, 2000 contributed capital balance.

The Sports and Entertainment Commission reported contributed capital of \$15,715 at September 30, 2001. This amount is related to funds provided by the District for construction of and improvements to the RFK Stadium.

The changes in the contributed capital accounts are summarized in **Table 12**:

**Table 12 – Changes in Component Unit Contributed Capital (\$000s)**

	Balance October 1, 2000	Contributions	Deductions	Balance September 30, 2001
Public Benefit Corporation	\$ 119,816	-	(119,816)	-
Water and Sewer Authority	399,183	-	(4,570)	394,613
Washington Convention Center	82,057	-	(82,057)	-
Sports and Entertainment Commission	15,715	-	-	15,715
<b>Total Contributed Capital</b>	<b>\$ 616,771</b>	<b>=</b>	<b>(206,443)</b>	<b>410,328</b>

## NOTE 6. CONDUIT DEBT OBLIGATIONS

### INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, such as non-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue

Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District thereby supporting the District's economic base. As of September 30, 2001, the aggregate outstanding principal amount for these conduit debt obligations was \$3,470,659.

## NOTE 7. LONG-TERM LIABILITIES

### A. LONG-TERM DEBT

#### Primary Government

At September 30, 2001, the District had serial and term general obligation bonds, tax increment financing (TIF) notes and tobacco bonds outstanding totaling \$3,110,023. The average interest rate for the outstanding debt for the serial obligation bonds was 5.5%, and variable rates not to exceed 9% for the TIF notes and 6.75% for the tobacco bonds.

Prior to the creation of the Water and Sewer Authority as

an independent entity, the District issued general obligation bonds to fund improvements to the water and wastewater system. The Water and Sewer Authority is responsible for this debt. While the Water and Sewer Authority is not directly liable for the general obligation bonds, it is required by enabling legislation to transfer to the District the funds necessary to pay its portion of the debt service on these bonds. Accordingly, a portion of these bonds totaling \$91,204 is reflected in the financial statements of the Water and Sewer Authority.

## NOTE 7 LONG – TERM LIABILITIES

The remainder of the bonds were authorized and issued primarily to provide funds for certain other capital projects and improvements. They are backed by the full faith and credit of the District. The bonds are further secured by a security interest in and lien on the funds derived from a Special Real Property Tax levied annually

by the District. Amounts collected are deposited in banks and held in escrow for payment of bond principal and interest when due. A summary of the changes in general long-term bonds of the primary government is shown in **Table 13**.

**Table 13 - Changes in General Long-Term Bonds of Primary Government (\$000s)**

	<b>General Obligation</b>		<b>TIF Notes</b>	<b>Tobacco Bonds</b>	<b>Total</b>
	<b>Bonds</b>				
<b>Debt payable at October 1, 2000</b>	\$ <b>3,109,728</b>		-	-	<b>3,109,728</b>
Bond and note proceeds:					-
Series 2001A	103,658		-	-	103,658
Series 2001B	65,645		-	-	65,645
Tobacco Bonds issued	-		-	521,105	521,105
TIF notes issued	-		6,900	-	6,900
<b>Total</b>	\$ <b>3,279,031</b>		<b>6,900</b>	<b>521,105</b>	<b>3,807,036</b>
Debt payments:					
Principal matured	109,490		-	-	109,490
Principal defeased	584,979		-	-	584,979
Other	2,545		-	-	2,545
<b>Debt payable September 30, 2001</b>	\$ <b>2,582,017</b>		<b>6,900</b>	<b>521,105</b>	<b>3,110,022</b>

A summary of debt service requirements for general long-term debt to maturity for these bonds is shown in **Table 14**.

**Table 14 - Summary of Debt Service Requirements for General Long-Term Debt to Maturity (\$000s)**

<b>Year Ending September 30</b>	<b>General Obligation</b>		<b>Tobacco Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2002	\$ 131,692	139,218	6,825	39,412
2003	138,345	132,087	7,730	33,195
2004	143,965	125,625	3,810	32,712
2005	151,355	117,402	4,000	32,476
2006	158,950	109,423	4,720	32,223
2007 - 2011	859,652	409,436	60,800	214,018
2012 - 2016	411,229	268,974	92,840	183,114
2017 - 2021	586,829	224,966	130,695	97,284
2022 - 2025	-	-	131,220	57,532
May 15, 2026	-	-	78,465	2,648
<b>Total</b>	<b>\$ 2,582,017</b>	<b>1,527,131</b>	<b>521,105</b>	<b>724,614</b>

## NOTE 7. LONG-TERM LIABILITIES

### **Current Year Bond Issuance**

On March 5, 2001, the District issued \$114,150 in multimodal general obligation bonds (Series 2001A), which were issued as auction rate securities (ARS). Included in the \$114,150 was \$10,492, which was used to refund Water and Sewer general obligation bond. The Series 2001A bonds are scheduled to mature on June 1, 2008. Bond proceeds were used to (1) redeem \$112,800 of Series 1992A general obligation variable-rate bonds and (2) pay bond issuance costs of \$1,350.

The Series 2001A bonds will bear interest from their date of issue at the applicable ARS variable rate for the seven day auction period, unless the length of the auction period is changed from seven days or unless the interest rate is converted to a fixed interest rate or flexible rate in accordance with the indenture. The Series 2001A bonds have an interest rate swap agreement associated with them, as described in Note 14 (Commitments and Contingencies).

On March 14, 2001 the District issued \$65,645 in fixed-

rate general obligation bonds (Series 2001B). Series 2001B bonds are scheduled to mature on June 1, 2031. Bond proceeds, including a premium of \$292, were used to (i) fund capital projects totaling \$65,000 and (ii) pay bond issuance costs of \$937. The effective interest rate for the 2001B bonds was 5.24%.

In 2001, the District promised to pay an aggregate principal amount of \$6,900 to a Development Sponsor. The Tax Increment Financing (TIF) Note is a special limited obligation of the District. The sole source of repayment of the TIF Note shall be the Increment Revenues from the Project and the District shall have no obligation to make any payments on the TIF Note, other than through the remittance to the Paying Agent. If the Increment Revenues are insufficient to pay the principal and interest due on the TIF Note when due, such payment shortfall shall not constitute a default under the TIF Note. If and when the Increment Revenues are sufficient, the District shall pay the amount of any shortfall to the Development Sponsor without any penalty of interest or premium thereon.

### **Defeased Bonds**

In November 1998, the District (along with a number of other States and various jurisdictions) signed a Master Settlement Agreement with the major U.S. tobacco companies that ended litigation over health care treatment costs incurred for smoking-related illnesses. Under the settlement, the District is scheduled to receive total annual payments aggregating an estimated \$1.2 billion by 2025. There are a number of potential adjustments to this schedule, including an inflation adjustment and a cigarette volume adjustment. In addition, there are numerous risks regarding whether the District will receive the full amount to which it is entitled under the terms of the Master Settlement Agreement, including various lawsuits outside the District alleging that the Master Settlement Agreement is void or voidable.

Pursuant to the Tobacco Act, the Tobacco Corporation issued \$521,105 aggregate principal amount of its Tobacco Settlement Asset-Backed Bonds, Series 2001 (the "Tobacco Bonds") on March 13, 2001. On that date, the District sold to the Tobacco Corporation substantially all of its right, title and interest in certain amounts paid or payable to the District under the Master Settlement Agreement, including certain initial and annual payments already received by the District and the District's right to receive future payments under the Master Settlement

Agreement in exchange for the agreement of the Tobacco Corporation to repay certain obligations of the District and a security interest representing the right to receive payments under the Master Settlement Agreement not required to pay expenses, debt service, or reserves for the Tobacco Bonds. The Tobacco Corporation applied the net proceeds of the Tobacco Bonds and Tobacco settlement payments received prior to the bond issuance to redeem or defease certain general obligation bonds of the District, thereby reducing the District's bond debt service by an average of approximately \$50 million per year through 2014, and reducing outstanding principal by approximately \$482.5 million. The Tobacco Bonds are neither general nor moral obligations of the District and are not secured by a pledge of the full faith and credit of the District.

**Table 15** presents a summary of the defeased portions of the bonds.

## NOTE 7. LONG-TERM LIABILITIES

**Table 15 – Summary of Defeased Bonds (\$000s)**

<b>Defeased by Tobacco Settlement Bond Proceeds:</b>		
<b>Bond Series</b>	<b>Interest Rate (%)</b>	<b>Amount</b>
1992B - SER	6.125 - 6.250	\$ 17,755
1993A - SER	6.000	12,175
1993E - SER	5.000 - 6.000	106,550
1994A-1 - SER	6.500	13,950
1994B - SER	5.800 - 6.000	33,226
1994B - CAB	0.000	9,456
1997A - SER	6.500	4,145
1997A - 2017 TERM	5.500	6,070
1998A - SER	4.500 - 5.25	8,325
1998B - SER	5.000 - 6.000	85,265
1999A - SER/SER2	4.375 - 5.500	13,470
1999B - SER/SER2	5.500	125,355
<b>Total:</b>		<b>435,742</b>

<b>Defeased by Cash:</b>		
<b>Bond Series</b>	<b>Interest Rate (%)</b>	<b>Amount</b>
1993A - SER	5.500 - 5.875	38,175
1993B SER2	5.100 - 5.200	1,194
1993E - SER	5.750 - 6.000	7,435
<b>Total:</b>		<b>46,804</b>

<b>Defeased by Bond 2001A:</b>		
<b>Bond Series</b>	<b>Interest Rate (%)</b>	<b>Amount</b>
1992A	6.020	102,433
<b>TOTAL:</b>		<b>\$ 584,979</b>

### COMPONENT UNITS

#### Water and Sewer Authority

The Water and Sewer Authority derives its funding for future capital projects from the issuance of revenue bonds, District general obligation bonds, notes payable to the federal government and various other non-debt sources of financing. The public utility revenue bonds and notes payable to the federal government for the Washington Aqueduct are considered senior debt. Notes payable to the federal government for the Washington Aqueduct are specifically secured by user charges

assessed on retail customers. During the year ended September 30, 2001, the highest rate on these notes was 7.25% and the lowest rate was 4.55%. Debt outstanding at September 30, 2001 totaling \$397,621 included net unamortized premiums of \$6,271 and a remaining principal balance of \$391,350.

A summary of Water and Sewer Authority's debt service requirements to maturity for principal and interest is shown in **Table 16**.

<b>NOTE 7. LONG-TERM LIABILITIES</b>
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**Table 16 - Water and Sewer Authority Debt Service Requirements to Maturity (\$000s)**

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 28,498	20,498	48,996
2003	13,844	19,834	33,678
2004	14,717	19,082	33,799
2005	16,134	18,274	34,408
2006	13,385	17,409	30,794
2007 - 2011	71,063	76,199	147,262
2012 - 2016	64,278	58,636	122,914
2017 - 2021	84,403	38,632	123,035
2022 - 2026	61,716	15,325	77,041
2027 - 2031	17,692	3,027	20,719
2032 - 2036	2,593	753	3,346
2037 - 2041	3,027	303	3,330
<b>Total</b>	<b>\$ 391,350</b>	<b>287,972</b>	<b>679,322</b>
Unamortized Bond Premium	6,271	-	6,271
<b>Total</b>	<b>\$ 397,621</b>	<b>287,972</b>	<b>685,593</b>

**Washington Convention Center**

On September 29, 1998, the Washington Convention Center issued \$524 million in senior lien dedicated tax revenue serial and term bonds at various rates and maturities.

The bond proceeds are used to construct and equip the new convention center. The 1998 bonds are special obligations of the Convention Center. The 1998 Bonds are payable solely from dedicated tax receipts and pledged funds established under the Trust Agreement.

The WCCA Act authorized the pledge of the dedicated taxes to secure the repayment of the 1998 bonds. Pursuant to the WCCA Act, the District has also pledged not to limit or alter any rights vested in the Convention Center to fulfill agreements made with holders of the 1998 Bonds, or in any way impair rights and remedies of bondholders until the 1998 bonds and the interest thereon are paid in full.

A summary of Washington Conventions Center's debt service requirements to maturity for principal and interest is shown in **Table 17**.

**Table 17 – Washington Convention Center Debt Service Requirements to Maturity (\$000s)**

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ -	25,952	25,952
2003	-	25,952	25,952
2004	10,225	25,952	36,177
2005	10,685	25,491	36,176
2006	11,190	24,984	36,174
2007 - 2011	64,870	116,000	180,870
2012 - 2016	83,675	97,196	180,871
2017 - 2021	107,690	73,179	180,869
2022 - 2026	137,145	43,723	180,868
2027 - 2029	98,980	9,548	108,528
<b>Total</b>	<b>\$ 524,460</b>	<b>467,977</b>	<b>992,437</b>

## NOTE 7. LONG-TERM LIABILITIES

### Housing Finance Agency

Bonds payable consists of term and serial bonds which are subject to redemption at the option of the Housing Finance Agency in accordance with the terms of the respective bond indenture and bond resolution, in whole or in part, on various dates at prescribed redemption prices. Included in certain bond issues are capital appreciation bonds. The principal amount of these bonds appreciates either annually or semi-annually, compounding on the original principal balance. These bonds are recorded in the financial statements at their current appreciated amounts.

Bonds have been issued to provide financing for the

Housing Finance Agency's housing programs and are collateralized by: (a) mortgage loans made on the related developments or single-family residential mortgage loans purchased (b) substantially all revenues, mortgage payments, and recovery payments received by the agency from mortgage loans made on related developments or (c) certain accounts, generally debt service reserve funds, established pursuant to the indenture authorizing issuance of the bonds.

A summary of Housing Finance Agency's debt service requirements to maturity for principal and interest is shown in **Table 18**.

**Table 18 - Housing Finance Agency Debt Service Requirements to Maturity (\$000s)**

Year Ending September 30	Principal	Interest	Total
2002	\$ 102,820	45,628	148,448
2003	26,110	43,209	69,319
2004	13,770	42,629	56,399
2005	4,235	41,999	46,234
2006	2,505	41,849	44,354
2007 - 2011	30,910	204,829	235,739
2012 - 2016	31,532	192,936	224,468
2017 - 2021	118,500	182,525	301,025
2022 - 2026	155,305	148,325	303,630
2027 - 2031	214,852	91,404	306,256
2032 - 2036	88,895	36,142	125,037
2037 - 2041	22,760	17,380	40,140
2042 - 2046	46,360	2,439	48,799
<b>Subtotal</b>	<b>858,554</b>	<b>1,091,294</b>	<b>1,949,848</b>
Unamortized Bond Premium	3,445	-	3,445
<b>Total</b>	<b>\$ 861,999</b>	<b>1,091,294</b>	<b>1,953,293</b>

## NOTE 7. LONG-TERM LIABILITIES

### B. OTHER LONG-TERM LIABILITIES

A summary of changes in other long-term liabilities is shown in **Table 19** for the General Long-Term Liabilities Account Group.

**Table 19 - Changes in Other Long-Term Liabilities (\$000s)**

Account	Balance October 1,		Balance September 30,	
	2000	Additions	Deductions	2001
<b>General:</b>				
Accrued disability compensation (Note 14)	\$ 177,660	55,200	32,329	200,531
Accumulated annual leave	63,095	-	1,950	61,145
Other payroll liabilities	12,743	-	12,743	-
Accrued interest	16,193	-	1,895	14,298
Capital leases payable (Note 13)	131,167	-	9,603	121,564
<b>Total</b>	<b>\$ 400,858</b>	<b>55,200</b>	<b>58,520</b>	<b>397,538</b>

## NOTE 8. RETIREMENT PROGRAMS

### A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits either through the federally administered Civil Service Retirement System or the District's Retirement Programs and the Social Security System.

#### Plan Descriptions

##### Civil Service Retirement and Social Security Systems

The Civil Service Retirement System (5 U.S.C. 8331), a cost sharing multiple employer public employee retirement system, covers permanent full-time employees hired before October 1, 1987 (except those covered by the District Retirement Program) and the Social Security System (42 U. S. C. 301), which covers all other

employees (except those covered by the District Retirement Program.)

The Balanced Budget Act of 1997 (P. L. 105-33) mandated an increase in the District's contribution for most Civil Service covered employees from 7% to 8.51% (9.01% for law enforcement officers and firefighters.) This increase became effective for the first pay period ended on or after October 1, 1997. The contribution rate will revert to 7.5% in October 2002, and then back to 7% in January 2003. The employee contribution rate for Civil Service covered employees changed to 7.0% on January 2001.

District contributions to the pension plans administered by the federal government, for the years ended September 30, 2001, 2000, and 1999 were as shown in **Table 20**.

## NOTE 8. RETIREMENT PROGRAMS

**Table 20 - Summary of District Contributions to Federally Administered Pension Plans (\$000s)**

<b>Plan</b>	<b>Rate</b>	<b>Employees</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Civil Service	7.00%	8,417	\$ 27,309	29,027	33,245
Social Security	7.65%	8,548	48,037	34,571	34,417
<b>Total</b>			<b>\$ 75,346</b>	<b>63,598</b>	<b>67,662</b>
<b>Total Payroll</b>			<b>\$ 1,198,182</b>	<b>1,606,136</b>	<b>1,492,649</b>

The District has no further liability to the plans.

### District Retirement Programs

The Retirement Board administers the District's Retirement Programs (D.C. Code 4-601, 11-1561, 31-120), which are single employer defined benefit pension plans, one established for police and firefighters and the other for teachers.

Each of the two plans provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Each pension trust fund issues a publicly available financial report that includes financial statements and required supplementary information. These reports can be obtained from the District of Columbia Retirement Board, Executive Director, 1400 L Street, N. W., Suite 300, Washington, D. C. 20005.

### Funding Policy

The Retirement Board establishes, for each pension trust fund, the contribution requirements of plan members and the District government. The Retirement Board, when deemed necessary, may amend these requirements. A summary of the actuarial assumptions is shown in **Table 21**.

Fund members contribute by salary deductions on the basis of a normal rate of contributions, which is assigned by the Fund at membership. Members contribute 7% (or 8% for teachers hired on or after November 16, 1996) of annual pay minus any pay received for summer school. Fund members may also contribute up to 10% of annual pay toward an annuity in addition to any vested pension.

The District is required to contribute the remaining amounts necessary to finance the coverage of its employees through periodic contributions at actuarially

determined amounts in accordance with the provisions of the Replacement Act. The District contributions for fiscal year 2001, 2000 and 1999 were equal to the Fund's independent actuary's recommendation.

Pursuant to D.C. Code, Chapter 12, Title 31, contribution requirements of the Fund members' and the District are established and may be amended by the City Council. Administrative costs are financed through investment earnings.

Under P. L. 105-33, the federal government makes annual contributions to the Police and Firefighters' Plan and to the Teachers' plan on behalf of District employees and retirees. These on-behalf payments totaled \$197,100 for the year ended September 30, 2001 and have been reported as intergovernmental revenue. Related expenditures of \$802 and \$196,298 have been reported in the public education system and public safety and justice functions.

<b>NOTE 8. RETIREMENT PROGRAMS</b>
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**Table 21 - Actuarial Assumptions**

	<u><b>Police and Fire</b></u>	<u><b>Teachers</b></u>
Contribution rates Plan members	7% - 8%	7% - 8%
Actuarial valuation date	10/01/99	10/01/99
Actuarial cost method	Aggregate	Aggregate
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	5.5% - 8.8%	5.3% - 8.8%
Inflation rate	5%	5%
Cost of living adjustments	5%	5%

\* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

### Pension Cost

A summary of the pension costs for the last three years, and related employer contributions is provided in **Tables 22 and 23**.

**Table 22 - Police and Fire Pension Plan**

Year Ended	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation
09/30/99	\$35.1	100%	\$0
09/30/00	39.9	100%	0
09/30/01	49.0	100%	0

**Table 23- Teachers Pension Plan**

Year Ended	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation
09/30/99	\$18.6	100%	\$0
09/30/00	10.7	100%	0
09/30/01	.2	100%	0

**NOTE 8. RETIREMENT PROGRAMS*****Actuarially Required Contributions***

The District made its actuarially required contribution of \$49.0 million to the Police and Firefighters' Plan and \$.2 million to the Teachers' Plan during the year ended September 30, 2001.

**B. DEFINED CONTRIBUTION PENSION PLANS****District of Columbia**

Under the provisions of D. C. Code 1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code section 401(a) for permanent full-time employees covered under the Social Security System. Employees do not contribute to the plan and are eligible to participate after one year of service. The District contributes 5% of base salaries for eligible employees each pay period. This contribution rate is 5.5% of base salaries for detention officers. Contributions and earnings vest fully after four years of service following a one-year waiting period. Contributions and earnings are forfeited if separation occurs before five years of credited service. These contributions are not considered assets of the District, and the District has no further liability to this plan. For the fiscal year ended September 30, 2001, District contributions to the plan were \$15,628.

**University Component Unit**

The University sponsors a contributory pension and retirement plan administered by the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF.) Eligible employees are those on the faculty and administrative staff of the University. The employees have the option to contribute a minimum of 5% of base salaries. The University contributes a percentage of each employee's base salary as follows: 15% for general faculty, 7% for law school faculty, and 7% for administrative staff. University contributions to the plan in fiscal year 2001 were \$2,690. Generally, employees are fully vested in both their contributions and in those of the University.

**C. DEFERRED COMPENSATION PLANS****Internal Revenue Code Section 403 Plan**

The District sponsors an annuity purchase plan (D. C. Code 31-1252) with insurance companies and other issuers in accordance with IRC Section 403 for public

teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees may defer up to \$10,500 of their annual compensation. Employees with more than fifteen years of service may defer up to \$13,000. Contributions vest immediately and are not assets of the District.

**Internal Revenue Code Section 457 Plan**

The District offers its employees a deferred compensation plan (D. C. Code 47-3601) created in accordance with Internal Revenue Code Section 457. Employees, other than teachers, may defer up to 25% of their annual compensation, not to exceed \$8,500. Compensation deferred and income earned are taxable when paid or made available to the participant or beneficiary upon retirement, death, termination, or unforeseeable emergency. Contributions are not assets of the District, which has no further liability to the plan.

## NOTE 9. FUND BALANCE RESERVATIONS

Reserved fund balances at September 30, 2001 are shown in **Table 24**.

**Table 24 - Schedule of FY 2001 Reserved Fund Balance (\$000s)**

<b>Reserved</b>		<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Trust &amp; Agency Fund</b>
Debt service – bond escrow	\$ 203,992	65,692		-	-
Emergency cash reserve fund	100,858	-		-	-
Long-term assets	16,092	-		-	-
Other assets	8,982	-		-	-
Inventories	11,683	-		-	-
Purpose restrictions	70,903	-		2,462	-
Operations	58,401	-		-	-
Joint venture capital subsidies	-	-		57,199	-
Future benefits	-	-		-	2,176,179
Encumbrance				54,444	
<b>Total Reserved Fund Balance</b>	<b>\$ 470,911</b>	<b>65,692</b>	<b>114,105</b>	<b>2,176,179</b>	

The general capital improvement fund has a negative fund balance of \$(57,943) at September 30, 2001, which will be eliminated by additional operating transfers from the general fund during fiscal year 2002.

## NOTE 10. COMPONENT UNITS

The financial reporting entity includes five discretely presented component units as of September 30, 2001, which provide a variety of public services to District residents and businesses. Condensed balance sheets for the component units that are included in the component units column of the combined balance sheet as of September 30, 2001, are shown in **Table 25**.

**Tables 26 and 27** present condensed statements of revenues, expenses and changes in retained earnings and cash flows for each component unit other than the

University for the year ended September 30, 2001. Information related to the operations of the Public Benefit Corporation (PBC) is for the seven months ended April 30, 2001, the date on which PBC ceased operations as a separate legal entity. Statements of changes in fund balance and current funds revenues, expenditures and other changes for the University for the year ended September 30, 2001 in conformity with the AICPA college and University model, are presented as Exhibits 6 and 7 of the general purpose financial statements.

<b>NOTE 10. COMPONENT UNITS</b>
---------------------------------

**Table 25 – Condensed Balance Sheets (\$000s)**

Account	Water and	Convention	Sports	Housing		
	Sewer	Center	Commission	Finance	University	Total
Current assets	\$ 236,436	439,714	13,252	689,622	47,904	1,426,928
Long term assets	58,949	15,911	-	298,657	66	373,583
Fixed assets, net	1,346,140	394,353	10,593	3,042	58,493	1,812,621
<b>Total assets</b>	<b>\$ 1,641,525</b>	<b>849,978</b>	<b>23,845</b>	<b>991,321</b>	<b>106,463</b>	<b>3,613,132</b>
Current liabilities	\$ 150,014	52,769	1,317	170,586	34,732	409,418
Long-term liabilities	770,477	524,460	-	761,329	-	2,056,266
<b>Total liabilities</b>	<b>920,491</b>	<b>577,229</b>	<b>1,317</b>	<b>931,915</b>	<b>34,732</b>	<b>2,465,684</b>
Contributed capital	394,613	-	15,715	-	-	410,328
Investment in plant assets	-	-	-	-	58,493	58,493
Retained earnings	326,421	272,749	6,813	59,406	13,238	678,627
<b>Total equity</b>	<b>721,034</b>	<b>272,749</b>	<b>22,528</b>	<b>59,406</b>	<b>71,731</b>	<b>1,147,448</b>
<b>Total liabilities and equity</b>	<b>\$ 1,641,525</b>	<b>849,978</b>	<b>23,845</b>	<b>991,321</b>	<b>106,463</b>	<b>3,613,132</b>

**Table 26 – Condensed Statements of Revenues, Expenses and Changes in Retained Earnings (\$000s)**

Account	Public					
	Benefit	Water and	Convention	Sports	Housing	
	Corporation	Sewer	Center	Commission	Finance	Total
Operating revenues	\$ 106,319	237,480	9,811	8,421	50,179	412,210
Operating expenses:						
Depreciation	233	32,971	1,186	1,171	171	35,732
Other	112,935	189,849	25,196	8,396	30,112	366,488
<b>Operating income (loss)</b>	<b>(6,849)</b>	<b>14,660</b>	<b>(16,571)</b>	<b>(1,146)</b>	<b>19,896</b>	<b>9,990</b>
Nonoperating revenues, net	42,059	6,376	240	-	5,613	54,288
Transfers from primary government	131,886	-	55,851	-	-	187,737
<b>Net income (loss)</b>	<b>167,096</b>	<b>21,036</b>	<b>39,520</b>	<b>(1,146)</b>	<b>25,509</b>	<b>252,015</b>
Depreciation added back	-	4,570	-	-	-	4,570
Retained earnings at						
October 1, as restated	(167,096)	300,816	233,228	7,959	33,897	408,804
<b>Retained earnings at September 30</b>	<b>\$ -</b>	<b>326,422</b>	<b>272,748</b>	<b>6,813</b>	<b>59,406</b>	<b>665,389</b>

## 10. COMPONENT UNITS

During 2001, the Washington Convention Center Authority (the "WCCA") determined that the existing convention center (land and building) no longer be included in its financial statements. WCCA (lessee) and the District of Columbia (lessor) effectively entered into a capital lease agreement when WCCA was created in 1994 and took sole responsibility for operating the existing convention center. Since WCCA will no longer operate the existing convention center, subsequent to March 2003, when the new convention center opens, a determination was made to treat the existing convention center arrangement as an operating lease. In accordance with the

criteria established to account for an operating lease the building and land should be removed from the WCCA financial statements and be recorded in the District's financial statements. Additionally, the WCCA elected to use the depreciation add-back feature retroactive to the date that the responsibility for the convention center was transferred from the District to the WCCA. Consequently, contributed capital and retained earnings at September 30, 2000 and 1999, have been restated.

**Table 27 – Condensed Statements of Cash Flows (\$000s)**

Account	Public		Convention Center	Sports Commission	Housing Finance	Total
	Benefit Corporation	Water and Sewer				
Operating activities	\$ 48,672	50,038	(4,060)	(1,974)	34,089	126,765
Capital and related financing activities	-	(96,136)	(159,450)	(1,786)	(243)	(257,615)
Noncapital financing activities	(48,824)	10,434	56,575	(2,177)	135,910	151,918
Investing activities	-	11,431	240	-	(61,479)	(49,808)
<b>Increase (decrease) in cash</b>	<b>(152)</b>	<b>(24,233)</b>	<b>(106,695)</b>	<b>(5,937)</b>	<b>108,277</b>	<b>(28,740)</b>
Cash and investments at October 1	152	156,687	540,687	17,967	567,147	1,282,640
<b>Cash and investments at September 30</b>	<b>\$ -</b>	<b>132,454</b>	<b>433,992</b>	<b>12,030</b>	<b>675,424</b>	<b>1,253,900</b>

Complete financial statements for each component unit can be obtained from the following locations:

### Convention Center

Washington Convention Center  
General Manager  
900 Ninth Street, N. W.  
Washington, D. C. 20005

### University

University of the District of Columbia  
President  
Van Ness Campus  
4200 Connecticut Avenue, N. W.  
Washington, D. C. 20008

### Housing Finance

D. C. Housing Finance Agency  
Executive Director  
815 Florida Avenue, NW  
Washington, D. C. 20001

### Water and Sewer

Water and Sewer Authority  
General Manager  
5000 Overlook Avenue, S. W.  
Washington, D. C. 20032

### Sports Commission

Sports and Entertainment Commission  
General Manager  
2001 East Capitol Street, S.E.  
Washington, D. C. 20003

## NOTE 11. JOINT VENTURE

### **Washington Metropolitan Area Transit Authority**

The Washington Metropolitan Area Transit Authority (WMATA) was created by Interstate Compact by and between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports the Transit Authority through operating and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are

drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as nonoperating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and contributed capital when the grant resources are expended for capital acquisitions.

A summary of the grants provided to WMATA during the year ended September 30, 2001 is shown in **Table 28**.

**Table 28 - Summary of Grants Provided to WMATA (\$000s)**

<u>Account</u>	<u>2001</u>
Operating grants	\$ 130,567
Debt service grants	10,331
Capital grants	28,500
<b>Total</b>	<b>\$ 169,398</b>

The WMATA issues separate audited financial statements that can be requested from the Washington Metropolitan Area Transit Authority, General Manager, 600 5<sup>th</sup> Street, NW, Washington, D. C. 20001.

## NOTE 12. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

### **A. FEDERAL CONTRIBUTION**

In accordance with the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33), the annual federal payment in lieu of taxes was repealed and replaced with a Federal contribution to reflect restrictions and unusual costs imposed on the District by the Federal government. Federal contributions to the General Fund for the year ended September 30, 2001 totaled \$370,061.

### **B. OPERATING GRANTS**

The District participates in a number of federal award programs, which are funded through formula and project grants, direct payments for specified and unrestricted use, food stamps and other pass-through grants and direct and guaranteed loans.

A summary of federal operating grant expenditures (by function) for the general fund for the year ended September 30, 2001 is shown in **Table 29**.

## NOTE 12. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

**Table 29 – Federal Grant Expenditures by Function (\$000s)**

<b>Function</b>	<b>2001</b>
Governmental direction and support	\$ 14,945
Economic development and regulation	80,994
Public safety and justice	25,276
Public education system	108,679
Human support services	947,294
Public works	2,587
Receivingships	99,339
<b>Total general fund</b>	<b>\$ 1,279,114</b>

### C. CAPITAL GRANTS

The federal government also provides capital grants, which are used for the purchase or construction of fixed assets. Capital grants, except for those associated with

water and sewer facilities, are recorded as intergovernmental revenue in the Capital Projects Funds.

A summary of capital grants by type for the year ended September 30, 2001 is shown in **Table 30**.

**Table 30 - Capital Grants by Type (\$000s)**

<b>Function</b>	<b>2001</b>
Pulic Safety	\$ 1,599
Public Education	28
Human Support	2,184
Public works	179,803
<b>Total capital projects fund</b>	<b>\$ 183,614</b>

### D. WATER AND SEWER SERVICES

The District exercises no oversight responsibility over the Washington Aqueduct, which is owned by the Federal government and operated by the U. S. Army Corps of Engineers. Historically, the District issued long-term debt to finance most of the Aqueduct's capital facilities and the Water and Sewer Authority recorded this debt and related capital costs in its financial statements. In 1997, the Water and Sewer Authority and the other Northern

Authority is now responsible for funding only its portion of this debt, other related capital projects, and operating costs calculated as it's pro rata share of water purchased. The Water and Sewer Authority records payments for capital costs related to the Washington Aqueduct as purchased capacity. Such costs, which are allocable to other jurisdictions, but funded by the Water and Sewer Authority prior to April 1, 1999 are reported as due from other jurisdictions.

Virginia customers entered into an agreement with the federal government, which provides for the funding of the Washington Aqueduct's capital improvement program directly through borrowings. The Water and Sewer

Capital outlays are capitalized and depreciated over 60 years by the Water and Sewer Authority. Total capital outlays including capitalized interest from the U. S. Treasury drawdowns and pay-as-you-go financing were \$16,637 for the fiscal year ended September 30, 2001.

**NOTE 13. LEASES****A. CAPITAL LEASES**

The District leases buildings and equipment under various agreements that are accounted for as capital leases that have varying terms. Capital lease commitments for the governmental funds are reported in the General Long-Term Liabilities Account Group and the related assets (e.g., buildings and equipment) are reported in the General Fixed Assets Account Group.

Capital lease payments are classified as current expenditures in the governmental funds. Such expenditures totaled \$15,964 in 2001.

***Master Lease***

The District began its Master Equipment Lease Purchase Program. (the "Program") in 1998 to provide tax exempt financing for projects with short-term to intermediate-term useful lives. The Program enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability (5 to 10 years).

Lease payment obligations are not debt nor are they general obligations of the District, but are payable from appropriation. Each schedule under the Program sets forth the principal and interest components of each rental payment payable during the lease term.

As of September 30, 2001, the District had financed approximately \$22.6 million of its capital equipment needs through the Program, and had approximately \$15 million in principal outstanding. During the year, the average interest rate used to finance equipment through the Program was 4.210%, with payments being made on a quarterly basis.

Equipment procured under this program include such items as fire apparatus (trucks) and other emergency medical services equipment (ambulances); trucks and cranes used by the Department of Public Works; vehicles used by the Metropolitan Police Department; and other heavy equipment items. There was no master lease transactions in fiscal year 2001.

***Other Leasing Arrangements***

In 1997, the District entered into an agreement for a third party to operate the Correctional Treatment Facility for twenty years. As part of this transaction, the District sold

the facility to the third party and leased it back from the third party for twenty years. At the end of the lease, the facility will return to the District. Upon early termination of this agreement, the lease will be terminated and the District will buy out the balance of the lease payments.

**B. OPERATING LEASES**

Operating leases are not recorded in the balance sheet. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if it is considered that the option will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds were \$99,658 in 2001.

**C. SCHEDULES OF FUTURE MINIMUM LEASE COMMITMENTS**

The present value of future minimum lease payments under capital leases (including the Master Lease) and minimum lease payments for all operating leases having noncancelable terms in excess of one year at September 30, 2001 is shown in **Table 31**.

## NOTE 13. LEASES

**Table 31 - Schedule of Future Minimum Lease Payments (\$000s)**

Year Ending September 30	Primary Government			Component Units	
	Operating Leases		Equipment	Operating Leases	
	Capital Leases	Facilities		Facilities	Equipment
2002	\$ 15,967	76,298	1,024	1,225	414
2003	15,946	78,631	500	1,240	77
2004	15,457	78,937	327	1,240	71
2005	11,972	80,519	291	1,241	31
2006	10,828	83,226	86	1,241	-
Thereafter	84,672	211,272	-	414	-
<b>Minimum lease payments</b>	<b>154,842</b>	<b>608,883</b>	<b>2,228</b>	<b>6,601</b>	<b>593</b>
Less - imputed interest	33,278				
<b>Present value of payments</b>	<b>\$ 121,564</b>				

## NOTE 14. COMMITMENTS AND CONTINGENCIES

### A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District covers all claim settlements and judgments out of its General Fund resources and currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

### B. GRANTS AND CONTRACTS

#### Federally Assisted Programs

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2001 and various prior years. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. An accrual of \$57,720 in the General Fund has been provided which

estimates the probable cumulative expenditures that may be disallowed by the granting agencies based on prior experience.

### C. LITIGATION

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in each case. All amounts in connection with lawsuits in which a loss is probable have been included in the provision for claims and judgments at September 30, 2001.

A summary of the changes in the accrued liability for claims and judgments in the General Fund is shown in **Table 32**.

**Table 32 - Summary of Changes in Claims and Judgments Accrual**

Description	2001	2000
<b>Liability at October 1</b>	<b>\$ 95,271</b>	<b>129,602</b>
Incurred claims	26,951	36,500
Less - claims payments/adjustments	35,332	70,831
<b>Liability at September 30</b>	<b>\$ 86,890</b>	<b>95,271</b>

## NOTE 14. COMMITMENTS AND CONTINGENCIES

The accrued liability is based on estimates of the payments that will be made upon judgment or resolution of the claim. No accrual has been provided for possible but not probable additional claims, which are estimated to be approximately \$111,943.

### D. DISABILITY COMPENSATION

The District, through the Department of Employment Services, administers a disability compensation program under Title XXIII of the District of Columbia Comprehensive Merit Personnel Act of 1978 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value at 6.3% of projected disability compensation is accrued in the General Long-Term Liabilities Account Group.

A summary of changes in this accrual is shown in **Table 33**.

**Table 33 – Summary of Changes in Disability Compensation Accrual**

Description	2001	2000
<b>Liability at October 1</b>	<b>\$ 177,660</b>	<b>198,285</b>
Claims incurred	55,200	50,925
Less - benefit payments	32,329	26,840
Adjustments to insured events of prior years	-	(44,710)
<b>Liability at September 30</b>	<b>\$ 200,531</b>	<b>177,660</b>

### E. INTEREST RATE SWAP AGREEMENTS

The District has entered into interest rate swap agreements for two variable rate bond issues (1991B and 2001A), of which \$72,200 and \$114,150 are outstanding at September 30, 2001, respectively. The agreements are for the term of the related outstanding bonds. Based on the rate swap agreements, the District owes interest to the counter parties to the swap calculated at a fixed rate of 5.80% and 6.02% respectively. In return, the counter parties owe the District interest based on a variable rate. Only the net difference in interest payments is actually

exchanged between the counter parties. The District continues to pay interest to the bondholders at the variable rate as provided by the bonds, and the net interest payment under the swap agreements adjusts the net interest rate paid by the District on these bonds to an approximate fixed rate (the fixed rates stated above). The District will be exposed to variable rates on the bonds if the counter party defaults or if a swap agreement is terminated. Terminating a swap agreement may result in the District making or receiving a termination payment related to market rates at that time.

### F. DEBT SERVICE DEPOSIT AGREEMENTS

The District entered into debt service deposit agreements effective through 2014 that exchanged future cash flows of certain special tax fund escrow accounts for a fixed amount received by the District upon entering into the agreements, thus increasing the predictability of cash flows from the earnings on escrow account investments. Upon early termination of an agreement and depending upon the then current interest rates, a termination amount may be owed by the District.

### G. IMPACT OF ACTS OF TERRORISM

As a result of the September 11th terrorist attack, the District's economy took a direct and immediate hit. The continuing fear of further incidents, such as the anthrax threat, requires careful distribution of funding and the tracking of services. The consequences of that sad event, and the aftermath, strains just about every District agency's budget, revenue stream and general operation. The negative economic impact on tourism, the convention and hospitality industry, transportation, and retail sales is already evident. Revenues from sales and use, income and franchise, gross receipts, property and other taxes will most likely shrink. The effects will definitely extend to employment in these and other sectors of the economy. The likelihood of reduced business activity may well extend into the foreseeable future.

The District was awarded \$156 million, out of its \$250 million request, for Emergency Preparedness Funds following the September 11 terrorist attacks. Additionally, the District was awarded \$12.7 million for the development and implementation of an Emergency Plan for the District.

**NOTE 15. NEW ACCOUNTING PRONOUNCEMENT**

In June 1999, GASB issued GASB Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." This Statement establishes financial reporting standards for state and local governments,

including changes to the basic financial statements and required supplementary information. The District is required to implement these statements in the year ending September 30, 2002, and is currently assessing the impact of these new standards.

**NOTE 16. DISCONTINUED OPERATIONS****A. PUBLIC BENEFIT CORPORATION (PBC)**

The Public Benefit Corporation (PBC) was created in 1996 to provide comprehensive, community-centered health care to residents of the District by assuming the functions and personnel of the D. C. General Hospital and the Commission on Public Health Community Clinics. PBC was created as an enterprise agency that by definition should be self-supporting. At the time, it was thought that the establishment of the PBC would reduce expenditures, promote economy, and increase the efficiency with which health care services would be provided to residents. However, it had been faced with severe financial difficulties since its inception.

Various factors contributed to the financial difficulties, including the presence of excessive and duplicative hospital facilities, decreased admissions and lengths of stay due to the presence of managed care, increasing substitution of community-based care for hospital-based services and by stringent payment policies adopted by Medicare, Medicaid, and private payers. Because of these financial difficulties, PBC continuously experienced budget deficits and had to depend on cash advances from the District to survive. PBC also had difficulty in maintaining its physical plant. Independent reports prepared for the District estimated that the cost of repairing and updating the Hospital would be as much as \$100 million. PBC borrowed \$109 million from the District to continue operating between fiscal years 1998 and 2000. During the fiscal year ended September 30, 2000, the District wrote off \$42 million of this amount to bad debt. The District of Columbia Appropriations Act for the fiscal year 2001 prohibited the Chief Financial Officer from advancing additional funds to the PBC. The absence of additional funding after PBC depleted its fiscal year 2001 subsidy from the District in the amount of \$45.3 million forced it to discontinue its operations as of April 30, 2001.

The Council of the District of Columbia in conjunction with the District of Columbia Financial Responsibility and Management Assistance Authority enacted a resolution cited as the "Health Care Privatization Emergency Amendment Act of 2001 Emergency Declaration Resolution of 2001". This resolution ordered

the closure of PBC, established a Health Care Safety Net Administration in the Department of Health (DOH) and transferred functions of PBC to DOH.

Effective May 1, 2001, the District's Department of Health was given the responsibility to oversee the activities of the discontinued PBC during the phase-out period. The District engaged a private provider to deliver the healthcare services formerly provided by the PBC and the residual net liabilities of the PBC were transferred to the Department of Health within the general fund.

**B. THE DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY (THE AUTHORITY)**

When Congress passed PL 104-8 creating the Authority in 1995, in response to the District's then ongoing financial and operational problems, it defined the initial control period to commence on the effective date of the Authority Act and to terminate only upon specific statutory findings of the Authority, after consultation with the Inspector General, that (i) the District has access to both short-term and long-term markets at reasonable interest rates to meet its borrowing needs; (ii) all of the Authority's borrowings and all U. S. Treasury advances have been repaid; and (iii) for each of four consecutive fiscal years (occurring after the date of the enactment of the Authority Act or commencement of a control period) the expenditures of the District did not exceed its revenues, as determined in accordance with GAAP.

Under the Authority Act, the Authority was to suspend its activities 12 months after the Authority certified that all borrowings and all U. S. Treasury advances have been repaid. The Authority made this certification on September 20, 2000, along with the required certification that the District has adequate access to both the short-term and long-term credit markets at reasonable interest rates to meet its borrowing needs.

For fiscal years 1997, 1998, and 1999, the District's revenues exceeded expenditures, resulting in a surplus for each of these years. For fiscal year 2000, the Authority

**NOTE 16. DISCONTINUED OPERATIONS**

certified the termination of the initial control period upon receipt of the District's audited financial statements for fiscal year 2000, verifying that the District achieved a surplus in that year. As a result of the foregoing, the

operations of the Authority were suspended on September 30, 2001, and all residual assets were transferred to the District's general fund.

**NOTE 17. SUBSEQUENT EVENTS****A. ISSUANCE OF BONDS**

On December 6, 2001, the District issued Series 2001C and 2001D Bonds in the aggregated principal amount of \$283,870. The proceeds of the Bonds are to be used to fund a portion of the District's fiscal year 2001 Capital Improvement Program, defease a portion of the District's outstanding General Obligation Bonds and to pay the costs and expenses of issuing and delivering the Bonds. The Bonds, together with the District's outstanding general obligation bonds and bonds issued in the future are secured by the Special Real Property Tax and are issued under Section 461 of the Home Rule Act. The Bonds bear interest from their date of issue at a variable rate unless converted to a fixed interest rate. The Series 2001C will mature on June 1, 2026, while the Series 2001D mature on June 1, 2029.

**B. HOUSING FINANCE AGENCY**

The Agency issued Series 2001 Multi-Family Housing Mortgage Revenue Bonds of \$8,000. In addition, the Agency issued Single Family Draw-Down Series 1999A Bonds for \$35,000 and \$16,830.

# Combining & Individual

Fund Statements and Schedules



For a fund type that has more than one fund, combining statements for all funds of that type are presented in columnar format.

For a fund type that has only one fund of a given type, individual fund statements are presented with prior year comparisons.

Schedules are presented where greater detail for information reported in the statements is deemed useful.

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Enterprise Fund
- Trust and Agency Funds
- Discretely Presented Component Units
- Supporting Schedules

**Government of the District of Columbia**

*Office of the Chief Financial Officer*



## **GENERAL FUND**

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund. All fixed assets of the primary government except those related to specific proprietary funds are accounted for through the General Fixed Assets Account Group. All long-term liabilities of the primary government except those related to specific proprietary funds are accounted for through the General Long-Term Liabilities Account Group

## Exhibit A-1

**GENERAL FUND**  
**BALANCE SHEET**  
September 30, 2001  
(With Comparative Totals at September 30, 2000)  
(\$000s)

	2001	2000
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments:		
Restricted	\$ 304,850	205,712
Unrestricted	637,016	537,657
Receivables (net of allowances for uncollectibles):		
Taxes	210,368	194,219
Accounts	102,698	70,718
Intergovernmental	543,259	479,384
Due from component unit	11,383	22,784
Interfund	36,988	62,451
Inventories	12,698	15,479
Other current assets	24,672	9,773
Total current assets	1,883,932	1,598,177
<b>Long Term Assets:</b>		
Receivables (net of allowances for uncollectibles):		
Loans	16,664	13,403
Total assets	1,900,596	1,611,580
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities:</b>		
Payables:		
Accounts	358,342	339,800
Compensation:		
Salaries and wages	106,466	117,539
Employee benefits	8,947	6,394
Payroll taxes	26,699	5,991
Annual leave	24,571	20,320
Other deductions	58,472	2,607
Due to component units	20,784	25,484
Interfund	2,693	4,509
Accrued liabilities:		
Claims and judgments	86,890	95,271
Grant disallowances	91,548	32,397
Interest	40,505	49,343
Medicaid	180,241	182,933
Deferred revenue:		
Property taxes	136,296	102,287
Intergovernmental grants	43,486	19,717
Other deferrals	125,810	102,092
Other current liabilities	26,601	20,271
Total liabilities	1,338,351	1,126,955
<b>Fund Balance:</b>		
Reserved	470,911	494,271
Unreserved	91,334	(9,646)
Total fund balance	562,245	484,625
Total liabilities and fund balance	\$ 1,900,596	1,611,580

## Exhibit A-2

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended September 30, 2001**  
**(With Comparative Totals for Year Ended September 30, 2000)**  
**(\$000s)**

	2001	2000
<b>Revenues:</b>		
Taxes	\$ 3,316,379	3,127,849
Licenses and permits	42,829	44,446
Fines and forfeits	58,223	54,865
Charges for services:		
Public	170,103	164,392
Intergovernmental	5,583	3,258
Interfund	6,787	6,788
Miscellaneous:		
Public	214,837	182,585
Investment income	38,869	31,933
Intergovernmental:		
Federal contributions	370,061	435,381
Operating grants	1,241,644	1,253,445
Total revenues	<u>5,465,315</u>	<u>5,304,942</u>
<b>Expenditures:</b>		
Current:		
Governmental direction and support	275,739	247,664
Economic development and regulation	187,565	180,443
Public safety and justice	938,186	924,843
Public education system	1,074,437	899,763
Human support services	1,618,030	1,552,495
Public works	136,041	135,067
Receivingships	510,562	366,961
Employee benefits addition	(20,936)	13,968
Joint venture subsidy	138,073	135,531
Debt service:		
Principal	108,725	220,054
Interest	146,043	172,326
Fiscal charges	3,134	2,732
Total expenditures	<u>5,115,599</u>	<u>4,851,847</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>349,716</u>	<u>453,095</u>
<b>Other Financing Sources (Uses):</b>		
Proceeds from:		
General obligation bonds	104,302	2,689
Payment to refunded bond escrow agent:		
Refunded debt	(584,979)	-
Other charges	(32,252)	-
Sale of surplus property	-	-
Sale of Tobacco litigation revenue rights	513,675	
Uncollectible prior years' advances to component unit	-	(41,415)
Transfers:		
Interfund transfers in	86,858	69,450
Interfund transfers out	(125,030)	(51,976)
Transfers to component units	(234,670)	(191,116)
Total other financing sources (uses)	<u>(272,096)</u>	<u>(212,368)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b><u>77,620</u></b>	<b><u>240,727</u></b>
<b>Fund Balance at October 1, as restated</b>	<b><u>484,625</u></b>	<b><u>243,898</u></b>
<b>Fund Balance at September 30</b>	<b><u>\$ 562,245</u></b>	<b><u>484,625</u></b>

## Exhibit A-3

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES  
FUNCTION AND OBJECT --GAAP BASIS

Year Ended September 30, 2001  
(With Comparative Totals for Year Ended September 30, 2000)  
(\$000s)

Function and Subfunction	Personal Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals
						2001
						2000
<b>Governmental Direction and Support:</b>						
Legislative	\$ 10,655	3,465	161	524	11,012	25,817
Executive	18,683	12,224	225	5,144	10,843	47,119
Finance	52,734	14,250	730	8,067	34,181	109,962
Personnel	9,924	11,067	195	1,008	449	22,643
Administrative	21,295	21,502	2,375	8,019	12,459	71,486
Elections	3,269	891	26	261	101	4,548
Total	<u>116,560</u>	<u>63,399</u>	<u>3,712</u>	<u>23,023</u>	<u>69,045</u>	<u>275,739</u>
						<u>247,664</u>
<b>Economic Development and Regulation:</b>						
Community development	16,089	9,445	1,185	3,347	47,128	77,194
Economic regulation	30,929	6,242	376	7,052	4,507	49,106
Employment services	26,558	<u>13,832</u>	884	<u>3,149</u>	<u>16,842</u>	<u>61,265</u>
Total	<u>73,576</u>	<u>29,519</u>	<u>2,445</u>	<u>13,548</u>	<u>68,477</u>	<u>187,565</u>
						<u>180,443</u>
<b>Public Safety and Justice:</b>						
Police	353,483	27,279	4,031	10,322	101,796	496,911
Fire	145,964	3,770	2,900	3,240	(4,965)	150,909
Corrections	107,701	85,571	5,647	9,234	6,618	214,771
Protection	4,441	1,320	218	902	6,084	12,965
Law	26,780	40,871	177	873	(6,320)	62,381
Judicial	205	29	6	2	7	249
Total	<u>638,574</u>	<u>158,840</u>	<u>12,979</u>	<u>24,573</u>	<u>103,220</u>	<u>938,186</u>
						<u>924,843</u>
<b>Public Education System:</b>						
Schools	588,883	86,989	23,170	32,426	286,498	1,017,966
Culture	21,203	2,609	473	2,199	29,987	56,471
Total	<u>610,086</u>	<u>89,598</u>	<u>23,643</u>	<u>34,625</u>	<u>316,485</u>	<u>1,074,437</u>
						<u>899,763</u>
<b>Human Support Services:</b>						
Health and welfare	136,673	110,191	(1,075)	31,073	1,234,065	1,510,927
Human relations	2,307	6,296	48	191	14,296	23,138
Employment benefits	54,479	-	-	-	1,341	55,820
Recreation	19,196	4,651	1,056	2,913	329	28,145
Total	<u>212,655</u>	<u>121,138</u>	<u>29</u>	<u>34,177</u>	<u>1,250,031</u>	<u>1,618,030</u>
						<u>1,552,495</u>
<b>Public Works</b>						
	<u>62,596</u>	<u>46,849</u>	<u>3,929</u>	<u>13,414</u>	<u>9,253</u>	<u>136,041</u>
						<u>135,067</u>
<b>Receivingships:</b>						
Child and family services	29,152	41,476	469	3,949	114,077	189,123
Commission on mental health services	124,374	74,654	12,722	12,657	86,212	310,619
Medical receiver	-	-	-	-	10,820	10,820
Total	<u>153,526</u>	<u>116,130</u>	<u>13,191</u>	<u>16,606</u>	<u>211,109</u>	<u>510,562</u>
						<u>366,961</u>
<b>Employee Benefits Addition (Deduction):</b>						
Governmental direction and support	(740)	-	-	-	-	(740)
Economic development and regulation	(163)	-	-	-	-	(163)
Public safety and justice	3,632	-	-	-	-	3,632
Public education system	604	-	-	-	-	604
Human support services	(23,988)	-	-	-	-	(23,988)
Public works	(162)	-	-	-	-	(162)
Receivingships	(119)	-	-	-	-	(119)
Total	<u>(20,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,936)</u>
						<u>13,968</u>
<b>Joint Venture Subsidy</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,073</u>	<u>138,073</u>
						<u>135,531</u>
<b>Debt Service</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,902</u>	<u>257,902</u>
						<u>395,112</u>
<b>Net Financing Uses</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,096</u>	<u>272,096</u>
						<u>212,368</u>
<b>Total expenditures and net uses</b>						
	<u>\$ 1,846,637</u>	<u>625,473</u>	<u>59,928</u>	<u>159,966</u>	<u>2,695,691</u>	<u>5,387,695</u>
						<u>5,064,215</u>

## Exhibit A-4

**GENERAL FUND****SCHEDULE OF LOCAL SOURCE REVENUES  
BUDGET AND ACTUAL (BUDGETARY BASIS)****Year Ended September 30, 2001  
(\$000s)**

Source	Budget			Variance - (Unfavorable)
	Original	Revised	Actual	
<b>Taxes:</b>				
Property:				
Real	\$ 573,500	626,551	633,172	6,621
Personal	61,560	54,090	64,144	10,054
Public space rental	9,300	10,792	10,107	(685)
Total	<u>644,360</u>	<u>691,433</u>	<u>707,423</u>	<u>15,990</u>
Sales and use:				
General	600,000	642,752	617,217	(25,535)
Alcoholic beverages	4,800	4,940	4,743	(197)
Cigarette	16,430	17,587	16,329	(1,258)
Hotel occupancy	-	-	25	25
Motor vehicles	30,000	31,904	38,825	6,921
Total	<u>651,230</u>	<u>697,183</u>	<u>677,139</u>	<u>(20,044)</u>
Income and franchise:				
Individual income	1,033,820	1,081,691	1,098,188	16,497
Corporation franchise	199,519	267,500	233,237	(34,263)
Unincorporated business	57,840	71,282	68,812	(2,470)
Total	<u>1,291,179</u>	<u>1,420,473</u>	<u>1,400,237</u>	<u>(20,236)</u>
Gross receipts:				
Public utility	132,860	144,850	149,125	4,275
Toll telecommunication	54,393	53,225	51,259	(1,966)
Insurance companies	32,500	32,000	33,356	1,356
Total	<u>219,753</u>	<u>230,075</u>	<u>233,740</u>	<u>3,665</u>
Other:				
Deed recordation	52,953	69,481	75,936	6,455
Deed transfer	35,354	53,592	62,086	8,494
Inheritance and estate	23,100	45,670	51,072	5,402
Economic interest	500	500	1,640	1,140
Total	<u>111,907</u>	<u>169,243</u>	<u>190,734</u>	<u>21,491</u>
<b>Total taxes</b>	<b><u>2,918,429</u></b>	<b><u>3,208,407</u></b>	<b><u>3,209,273</u></b>	<b><u>866</u></b>
<b>Licenses and Permits:</b>				
Business licenses	19,527	24,950	21,767	(3,183)
Nonbusiness permits	17,568	16,215	19,627	3,412
Total	<u>37,095</u>	<u>41,165</u>	<u>41,394</u>	<u>229</u>
<b>Fines and Forfeits</b>				
	<u>67,716</u>	<u>52,990</u>	<u>57,052</u>	<u>4,062</u>
<b>Charges for Services:</b>				
Other	<u>61,528</u>	<u>63,075</u>	<u>63,938</u>	<u>863</u>
Total	<u>61,528</u>	<u>63,075</u>	<u>63,938</u>	<u>863</u>
<b>Miscellaneous:</b>				
Interest	28,983	25,000	33,317	8,317
Other	149,260	127,928	106,983	(20,945)
Tobacco settlement	42,036	-	13,289	13,289
Total	<u>220,279</u>	<u>152,928</u>	<u>153,589</u>	<u>661</u>
<b>Total local source revenues</b>	<b>\$ <u>3,305,047</u></b>	<b><u>3,518,565</u></b>	<b><u>3,525,246</u></b>	<b><u>6,681</u></b>

**GENERAL FUND**  
**SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES BY SOURCE OF FUNDS**  
Year Ended September 30, 2001  
(\$000s)

	Local Source			Federal Grants			Private and Other			Total		
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
<b>Revenues and Sources:</b>												
Taxes												
Property	\$ 644,360	691,433	707,423	15,990	-	-	-	-	644,360	691,433	707,423	15,990
Sales and uses	651,230	697,183	677,139	(20,044)	-	-	-	-	651,230	697,183	677,139	(20,044)
Income and franchise	1,291,179	1,420,473	1,400,237	(20,236)	-	-	-	-	1,291,179	1,420,473	1,400,237	(20,236)
Gross receipts and other taxes	3,311,650	3,399,318	4,244,474	25,556	-	-	-	-	3,311,650	3,399,318	4,244,474	25,556
Total taxes	2,918,429	3,205,407	3,209,273	866	-	-	-	-	2,918,429	3,208,407	3,209,273	866
Licenses and permits	37,095	41,165	41,394	229	-	-	-	-	37,095	41,165	41,394	229
Fines and forfeits	67,716	52,990	57,052	4,062	-	-	-	-	67,716	52,990	57,052	4,062
Charges for services	61,528	63,938	63,938	0	-	-	-	-	61,528	63,938	63,938	0
Miscellaneous	20,207,279	152,928	153,389	661	-	-	-	-	20,207,279	152,928	153,389	661
Private & Other	30,111	30,045	43,295	13,250	-	-	-	-	275,523	357,829	288,169	(69,660)
Federal contributions	-	-	-	-	-	-	-	-	275,523	357,829	288,169	(69,660)
Operating grants	-	-	-	-	-	-	-	-	30,111	30,045	43,295	13,250
General obligation bonds	-	-	-	-	-	-	-	-	1,292,268	1,597,625	1,307,991	(239,634)
Fund balance released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-
Interfund transfer	69,000	69,000	86,858	17,858	-	-	-	-	-	-	-	-
Total Revenues and Sources	3,404,158	3,617,610	4,371,889	754,279	1,292,668	1,597,625	1,307,991	(239,634)	275,523	357,829	288,169	(69,660)
Expenditures and Uses:												
Governmental direction and support	162,172	182,157	178,109	4,048	20,424	28,541	14,946	13,595	13,175	30,234	23,841	195,771
Economic development and regulation	53,562	56,617	54,223	2,094	92,378	151,900	79,851	72,049	59,698	108,288	54,781	53,507
Public safety and justice	531,565	642,840	634,950	24,950	39,519	25,277	14,242	146,031	153,345	140,812	12,533	762,546
Public education system	824,867	859,309	920,761	(61,452)	134,444	159,061	107,780	51,281	7,865	12,155	7,889	4,566
Public School FY02 Expenditure	101,426	41,652	41,652	-	(20,760)	88,159	1,065,912	950,833	11,5079	16,718	14,655	-
Human support services	637,347	760,011	780,771	-	287,568	3,398	4,957	2,587	2,370	9,836	15,598	8,500
Public works	265,073	254,347	324,650	(70,303)	135,555	147,735	126,263	21,472	19,060	20,414	24,544	(41,130)
Receivables	234,913	4,813	9,897	4,813	-	-	-	-	-	-	-	-
Workforce investments	-	-	-	-	-	-	-	-	-	-	-	-
Wilson building	8,409	10,341	9,897	444	-	-	-	-	-	-	-	-
Tobacco settlement trust Fund Reserve	61,406	61,406	-	-	61,406	-	-	-	-	-	-	-
Financial Responsibility Authority	150,000	45,500	-	45,500	-	-	-	-	3,140	3,140	3,140	150,000
Repay bonds and interest	243,238	236,338	228,364	7,974	-	-	-	-	-	-	-	-
Refunding Bonds	-	-	617,230	(617,230)	-	-	-	-	-	-	-	-
Repay deficit bonds and interest	39,320	39,320	38,366	934	-	-	-	-	-	-	-	-
Interest on short term borrowing	1,140	1,140	-	1,140	-	-	-	-	-	-	-	-
Certificates of participation	7,950	7,950	7,929	21	-	-	-	-	-	-	-	-
Optical and Dental Insurance	2,675	2,675	2,675	-	-	-	-	-	-	-	-	-
Presidential inauguration	5,961	5,948	5,755	193	-	-	-	-	-	-	-	-
Management supervisory service	13,200	3,416	-	3,416	-	-	-	-	-	-	-	-
Total Expenditures and Net Uses	3,404,209	3,503,328	4,130,103	(626,715)	1,292,568	1,597,625	1,307,557	290,088	275,523	357,829	274,793	82,036
Subtotal	(51)	114,282	241,786	127,504	-	-	454	454	-	13,376	13,376	(51)
Operational Improvement Savings	10,000	7,605	-	(7,605)	-	-	-	-	-	-	-	-
Management reform savings	37,000	-	-	(4,748)	-	-	-	-	-	-	-	(7,605)
Cafeteria Plan Savings	5,000	4,748	-	(12,353)	-	-	-	-	-	-	-	(4,748)
Subtotal	52,000	12,353	-	-	-	-	-	-	-	-	-	(12,353)
Excess (Deficiency) of Revenues and Sources Over (Under) Expenditures and Net Uses	\$ 51,949	126,635	241,786	115,151	-	-	454	454	-	13,376	13,376	51,949

## Exhibit A-6

**GENERAL FUND**  
**SCHEDULE OF BUDGETARY BASIS REVENUES AND EXPENDITURES**

Year Ended September 30, 2001  
 (\$000s)

	Original Budget	Revised Budget	Actual	Original Budget to Actual
<b>Revenues and Sources:</b>				
Taxes:				
Property	\$ 644,360	691,433	707,423	63,063
Sales and use	651,230	697,183	677,139	25,909
Income and franchise	1,291,179	1,420,473	1,400,237	109,058
Other taxes	331,660	399,318	424,474	92,814
Total taxes	<u>2,918,429</u>	<u>3,208,407</u>	<u>3,209,273</u>	<u>290,844</u>
Licenses and permits	37,095	41,165	41,394	4,299
Fines and forfeits	67,716	52,990	57,052	(10,664)
Charges for services	61,528	63,075	63,938	2,410
Miscellaneous	220,279	152,928	153,589	(66,690)
Private and other	275,523	357,829	288,169	12,646
Federal contributions	30,111	30,045	43,295	13,184
Operating grants	1,292,668	1,597,625	1,307,991	15,323
General obligation bonds	-	-	568,776	568,776
Fund balance released from restriction	-	-	147,714	147,714
Interfund transfer	69,000	69,000	86,858	17,858
Total Revenues and Sources	<u>4,972,349</u>	<u>5,573,064</u>	<u>5,968,049</u>	<u>995,700</u>
<b>Expenditures and Uses:</b>				
Governmental direction and support	195,771	240,932	216,896	(21,125)
Economic development and regulation	205,638	316,805	189,155	16,483
Public safety and justice	762,546	835,704	800,819	(38,273)
Public education system	967,176	1,030,525	1,036,130	(68,954)
Public School FY02 Expenditure	101,426	41,652	41,652	59,774
Human support services	1,535,654	1,840,578	1,743,190	(207,536)
Public works	278,242	308,123	298,453	(20,211)
Receivingships	389,528	422,496	475,457	(85,929)
Washington Convention Center payment	-	4,813	-	-
Wilson Building	8,409	10,341	9,897	(1,488)
Tobacco Settlement Trust Fund Transfer	61,406	61,406	-	61,406
Reserve	150,000	45,500	-	150,000
Financial Responsibility Authority	3,140	3,140	3,140	-
Repay bonds and interest	243,238	236,338	228,364	14,874
Refunding Bonds	-	-	617,230	(617,230)
Repay deficit bonds and interest	39,300	39,300	38,366	934
Interest on short term borrowing	1,140	1,140	-	1,140
Certificates of participation	7,950	7,950	7,929	21
Optical and dental insurance	2,675	2,675	-	2,675
Presidential Inauguration	5,961	5,948	5,755	206
Management supervisory service	13,200	3,416	-	13,200
<b>Total Expenditures and Uses</b>	<b><u>4,972,400</u></b>	<b><u>5,458,782</u></b>	<b><u>5,712,433</u></b>	<b><u>(740,033)</u></b>
Subtotal	(51)	114,282	255,616	255,667
Operational improvement savings	10,000	7,605	-	(10,000)
Management reform savings	37,000	-	-	(37,000)
Cafeteria plan savings	5,000	4,748	-	(5,000)
Subtotal	52,000	12,353	-	(52,000)
<b>Excess (Deficiency) of Revenues and Sources Over (Under) Expenditures and Uses</b>	<b>\$ <u>51,949</u></b>	<b><u>126,635</u></b>	<b><u>255,616</u></b>	<b><u>203,667</u></b>

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## **SPECIAL REVENUE FUNDS**

The **Financial Responsibility Authority Fund** is used to account for the operating activities of the District of Columbia Financial Responsibility and Management Assistance Authority, a federally appointed board created to provide temporary fiscal assistance to alleviate the District's fiscal distress. The fund is financed primarily from interest on cash and investments held in the Financial Responsibility Authority Agency fund.

The **Tobacco Settlement Financing Corporation (TSFC) Fund** is used to account for the tobacco litigation settlement activities of the District of Columbia.

The **Tax Increment Financing (TIF) Program Fund** is used to account for activities relating to various TIF development initiatives.

These special revenue funds' operations are reported to show an excess or deficiency on a flow of current financial resources measurement focus. Fixed assets are accounted for through the General Fixed Assets Account Group. Long-term liabilities are accounted for through the General Long-Term Liabilities Account Group.

**Exhibit B-1**

**SPECIAL REVENUE FUND**  
**COMBINING BALANCE SHEET**

**September 30, 2001**

**(\$000s)**

	Tax Increment Financing Program	Tobacco Settlement Financing Corporation	2001
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$ -	65,685	65,685
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	7	7
<b>Total assets</b>	<b><u>65,692</u></b>	<b><u>65,692</u></b>	<b><u>65,692</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Fund Balance:</b>			
Reserved for debt service	-	65,692	65,692
<b>Total fund balance</b>	<b><u>65,692</u></b>	<b><u>65,692</u></b>	<b><u>65,692</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 65,692</u></b>	<b><u>65,692</u></b>	<b><u>65,692</u></b>

					Exhibit B-2
<b>SPECIAL REVENUE FUND</b>					
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES</b>					
September 30, 2001					
(\$000s)					
					<b>Tobacco Settlement Financing Corporation</b>
					<b>2001</b>
<b>Revenues:</b>					
Operating revenues	\$ 6,500	-	-	6,500	
Interest	1,374	-	1,018	2,392	
Other	566	-	25,384	25,950	
Total revenues	<u>8,440</u>	<u>-</u>	<u>26,402</u>	<u>34,842</u>	
<b>Expenditures:</b>					
Current:					
Personal services	2,454	-	207	2,661	
Contractual services	2,007	-	-	2,007	
Mission related expenditures	1,589	-	-	1,589	
Capital outlay	-	6,900	-	6,900	
Miscellaneous	559	-	6,959	7,518	
Total expenditures	<u>6,609</u>	<u>6,900</u>	<u>7,166</u>	<u>20,675</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,831</b>	<b>(6,900)</b>	<b>19,236</b>	<b>14,167</b>	
<b>Other Financing Sources (Uses):</b>					
Transfer in/out from/to District	(2,858)	-	49,202	46,344	
Proceeds from:					
Tax increment financing notes	-	6,900	-	6,900	
Tobacco settlement bonds	-	-	510,929	510,929	
Purchase of Tobacco litigation revenue right	-	-	(513,675)	(513,675)	
Total other financing sources (uses)	<u>(2,858)</u>	<u>6,900</u>	<u>46,456</u>	<u>50,498</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(1,027)</b>	<b>-</b>	<b>65,692</b>	<b>64,665</b>	
<b>Fund Balances at October 1</b>	<b>1,027</b>	<b>-</b>	<b>-</b>	<b>1,027</b>	
<b>Fund Balances at September 30</b>	<b>\$ -</b>	<b>-</b>	<b>65,692</b>	<b>65,692</b>	

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## **CAPITAL PROJECTS FUNDS**

The Capital Projects Funds are used to account for the purchase or construction of fixed assets which are wholly or partly financed by capital grants, dedicated taxes or general long-term debt, other than those financed by the Water and Sewer Unit. The Capital Projects Funds are not used to account for the purchase of general fixed assets that are financed wholly by an individual fund or unit.

Fixed assets are capitalized in the General Fixed Assets Account Group or in the proprietary fund or component unit to which they apply. Expenditures for items that are below the minimum cost of life of a fixed asset unit are not capitalized.

**Exhibit C-1****CAPITAL PROJECTS FUNDS****COMBINING BALANCE SHEET****September 30, 2001****(With Comparative Totals at September 30, 2000)**  
**(\$000s)**

	General Capital Improvement	Highway	2001	2000
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents:				
Restricted	\$ 54,737	-	54,737	73,554
Unrestricted	103,522	61,871	165,393	78,621
Receivables (net of allowances for uncollectibles):				
Accounts	12,017	4,145	16,162	16,740
Due from federal government	45,320	-	45,320	30,816
Due from other District entities	-	6,510	6,510	-
Interfund	19,239	2,693	21,932	440,490
<b>Total assets</b>	<b>234,835</b>	<b>75,219</b>	<b>310,054</b>	<b>640,221</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities:</b>				
Payables:				
Accounts	199,215	56	199,271	136,608
Interfund	34,092	19,239	53,331	14,397
Deferred revenue	52,698	1,480	54,178	24,447
Other current liabilities	6,773	-	6,773	6,339
<b>Total liabilities</b>	<b>292,778</b>	<b>20,775</b>	<b>313,553</b>	<b>181,791</b>
<b>Fund Balance:</b>				
Reserved for:				
Joint venture capital subsidy	57,199	-	57,199	73,554
Encumbrances	-	54,444	54,444	318,913
Capital project expenditures	2,462	-	2,462	65,963
Unreserved	(117,604)	-	(117,604)	-
<b>Total fund balances</b>	<b>(57,943)</b>	<b>54,444</b>	<b>(3,499)</b>	<b>458,430</b>
<b>Total liabilities and fund balances</b>	<b>\$ 234,835</b>	<b>75,219</b>	<b>310,054</b>	<b>640,221</b>

Exhibit C-2

**CAPITAL PROJECTS FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****Year Ended September 30, 2001****(With Comparative Totals for Year Ended September 30, 2000)**  
(\$000s)

	General Capital Improvement	Highway	<b>Totals</b>	
			<b>2001</b>	<b>2000</b>
<b>Revenues:</b>				
Interest	\$ 3,362	3,791	7,153	8,075
Federal grants	183,614	-	183,614	132,224
Local	60,190	8,831	69,021	24,033
Total revenues	247,166	12,622	259,788	164,332
<b>Expenditures:</b>				
Capital outlay:				
General fixed assets	779,791	-	779,791	410,928
Joint venture capital subsidy	22,180	-	22,180	22,298
Component unit fixed assets	13,563	-	13,563	2,110
Other	-	52,625	52,625	-
Total expenditures	815,534	52,625	868,159	435,336
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(568,368)</b>	<b>(40,003)</b>	<b>(608,371)</b>	<b>(271,004)</b>
<b>Other Financing Sources/(Uses):</b>				
General obligation bond proceeds	65,000	-	65,000	186,663
Capital lease proceeds	-	-	-	9,144
Interfund transfers in - General Fund	47,345	28,484	75,829	51,975
Sale of fixed assets	5,613	-	5,613	2,727
Total other financing sources	117,958	28,484	146,442	250,509
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(450,410)</b>	<b>(11,519)</b>	<b>(461,929)</b>	<b>(20,495)</b>
<b>Fund Balances at October 1</b>	<b>392,467</b>	<b>65,963</b>	<b>458,430</b>	<b>478,925</b>
<b>Fund Balances at September 30</b>	<b>\$ (57,943)</b>	<b>54,444</b>	<b>(3,499)</b>	<b>458,430</b>

**Exhibit C-3****SCHEDULE OF CONSTRUCTION IN PROGRESS**

**Year Ended September 30, 2001**  
**(\$000s)**

<b>Function and Subfunction</b>	<b>Number of Projects</b>	<b>Author-izations</b>	<b>Expenditures</b>			<b>Unexpended Balance</b>			
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>				
<b>PRIMARY GOVERNMENT</b>									
<b>Governmental Direction and Support:</b>									
Finance	3	\$ 117,384	56,552	18,582	75,134	42,250			
Personnel	1	1,385	-	1,385	1,385	-			
Technology	2	5,310	1,974	2,061	4,035	1,275			
Legislative	1	1,600	-	1,600	1,600	-			
Elections	1	145	-	145	145	-			
Administrative	2	58,549	2,582	15,249	17,831	40,718			
<b>Total</b>	<b>10</b>	<b>184,373</b>	<b>61,108</b>	<b>39,022</b>	<b>100,130</b>	<b>84,243</b>			
<b>Public Safety and Justice:</b>									
Police	2	53,366	420	3,339	3,759	49,607			
Fire	1	4,804	-	320	320	4,484			
Correction	3	23,760	-	1,696	1,696	22,064			
<b>Total</b>	<b>6</b>	<b>81,930</b>	<b>420</b>	<b>5,355</b>	<b>5,775</b>	<b>76,155</b>			
<b>Public Education System:</b>									
Public School System	6	885,895	67,632	66,709	134,341	751,554			
<b>Human Support Services:</b>									
Mental Health	4	30,113	744	5,666	6,410	23,703			
Human relations	1	11,822	432	1,684	2,116	9,706			
Recreation	4	31,787	4,199	4,165	8,364	23,423			
<b>Total</b>	<b>9</b>	<b>73,722</b>	<b>5,375</b>	<b>11,515</b>	<b>16,890</b>	<b>56,832</b>			
<b>Public Works:</b>									
Environmental	1	133	93	40	133	-			
<b>Total</b>	<b>1</b>	<b>133</b>	<b>93</b>	<b>40</b>	<b>133</b>	<b>-</b>			
<b>Total general</b>	<b>32</b>	<b>\$ 1,226,053</b>	<b>134,628</b>	<b>122,641</b>	<b>257,269</b>	<b>968,784</b>			

## **ENTERPRISE FUND**

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are or could be financed or recovered primarily through user charges.

The **Lottery and Games Fund** is used to account for revenues from lotteries and daily numbers games operated by the District and from licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gambling activities are administered by a Lottery and Charitable Games Control Board consisting of five members appointed by the Mayor with the consent of the Council. All moneys made available to the Lottery and Games Fund by the General Fund must be derived from non-federal revenues.

**Exhibit D-1****LOTTERY AND GAMES ENTERPRISE FUND****BALANCE SHEET****September 30, 2001****(With Comparative Totals at September 30, 2000)****(\$000s)**

		2001	2000
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments:			
Restricted	\$	79,795	76,878
Unrestricted		9,385	8,846
Receivables (net of allowances for uncollectibles):			
Accounts		3,930	3,951
Inventories		557	556
Other current assets		5	6
Total current assets		<b>93,672</b>	<b>90,237</b>
<b>Fixed Assets:</b>			
Property and equipment		3,612	3,129
Accumulated depreciation		(2,284)	(2,649)
Net fixed assets		1,328	480
<b>Total assets</b>		<b>95,000</b>	<b>90,717</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities:</b>			
Payables:			
Accounts		2,816	1,763
Compensation		641	613
Accrued liabilities		7,841	7,730
Deferred revenue		113	133
Other current liabilities		420	325
Total current liabilities		<b>11,831</b>	<b>10,564</b>
<b>Long Term Liabilities:</b>			
Prize annuities payable		79,795	76,878
Total long term liabilities		<b>79,795</b>	<b>76,878</b>
<b>Total liabilities</b>		<b>91,626</b>	<b>87,442</b>
<b>Equity:</b>			
Retained earnings		3,374	3,275
<b>Total equity</b>		<b>3,374</b>	<b>3,275</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>95,000</b>	<b>90,717</b>

		<b>Exhibit D-2</b>
<b>LOTTERY AND GAMES ENTERPRISE FUND</b>		
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS</b>		
<b>Year Ended September 30, 2001</b>		
<b>(With Comparative Totals for Year Ended September 30, 2000)</b>		
(\$000s)		
	2001	2000
<b>Operating Revenues:</b>		
Charges for services:		
Gross charges:		
Public	\$ 224,884	216,134
Total operating revenues	<u>224,884</u>	<u>216,134</u>
<b>Operating Expenses:</b>		
Prizes	117,231	124,534
Personal services	5,660	5,159
Contractual services	15,799	16,201
Supplies	70	79
Occupancy	2,415	1,590
Depreciation	226	155
Miscellaneous	863	453
Total operating expenses	<u>142,264</u>	<u>148,171</u>
OPERATING INCOME	<u>82,620</u>	<u>67,963</u>
<b>Nonoperating Revenues:</b>		
Interest revenue	1,479	1,534
Total nonoperating revenues	<u>1,479</u>	<u>1,534</u>
INCOME BEFORE TRANSFERS	84,099	69,497
Operating transfer to General Fund	<u>(84,000)</u>	<u>(69,450)</u>
<b>NET INCOME</b>	<b>99</b>	<b>47</b>
<b>Retained Earnings at October 1</b>	<b>3,275</b>	<b>3,228</b>
<b>Retained Earnings at September 30</b>	<b>\$ 3,374</b>	<b>3,275</b>

**Exhibit D-3****LOTTERY AND GAMES ENTERPRISE FUND****STATEMENT OF CASH FLOWS****Year Ended September 30, 2001****(With Comparative Totals for Year Ended September 30, 2000)****(\$000s)**

	2001	2000
<b>Operating Activities:</b>		
Cash receipts from customers	\$ 224,885	215,123
Cash payments to vendors	(18,029)	(18,264)
Cash payments to employees	(5,602)	(5,123)
Other cash payments, including prizes	(117,120)	(125,376)
Net cash provided	<u>84,134</u>	<u>66,360</u>
<b>Capital and Related Financing Activities:</b>		
Acquisitions of fixed assets	(1,075)	(235)
Net cash used	<u>(1,075)</u>	<u>(235)</u>
<b>Noncapital Financing Activities:</b>		
Interfund transfers out	(84,000)	(69,450)
Net cash used	<u>(84,000)</u>	<u>(69,450)</u>
<b>Investing Activities:</b>		
Receipts of interest and dividends	1,479	1,534
(Purchases)/Sales of investments, net	2,918	(3,759)
Net cash provided (used)	<u>4,397</u>	<u>(2,225)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b><u>3,456</u></b>	<b><u>(5,550)</u></b>
<b>Cash and Investments at October 1</b>	<b><u>85,724</u></b>	<b><u>91,274</u></b>
<b>Cash and Investments at September 30</b>	<b><u>89,180</u></b>	<b><u>85,724</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	82,620	67,963
Depreciation	226	155
Decrease (increase) in assets:		
Receivables	21	(993)
Inventories	(1)	(89)
Other current assets	1	17
Increase (decrease) in liabilities:		
Payables	1,080	(140)
Accrued liabilities	111	(842)
Deferred revenue	(20)	(18)
Other current liabilities	96	307
Net cash provided	<u>\$ 84,134</u>	<u>66,360</u>

## **TRUST AND AGENCY FUNDS**

Trust funds are used to account for assets held by the District in a trustee capacity. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments or other funds.

The **Unemployment Compensation Fund** is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and federal governments and of private employers in the District. Resources are contributed by private employers at rates fixed by law and by the District and federal governments on a reimbursable basis. The fund is administered by the Office of Unemployment Compensation in the Department of Employment Services. The fund does not have a separate governing body. The administrative costs of the office are accounted for in the General Fund.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and federal governments at amounts determined by an annual actuarial study and the Retirement Reform Act. The funds are administered by a thirteen member Retirement Board. Three of these members are appointed by the Mayor and three by the Council. The other members include one retired judge, and one each active and retired police officers, fire fighters, and teachers. The administrative costs of the board are accounted for in the funds.

The **Agency Funds** are used to account for refundable deposits required of various licensees, monies held in escrow, and other assets held in custody by the District of Financial Responsibility Authority. as an agent for individuals, private organizations, other governments, or other funds.

**Exhibit E-1**

<b>TRUST AND AGENCY FUNDS</b>						
<b>COMBINING BALANCE SHEET</b>						
September 30, 2001 (With Comparative Totals at September 30, 2000)						
(\$000s)						
Trust				Agency	Totals	
	Expendable					
	Unemployment					
	Compensation		Pension		District	2001
						2000
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and investments	\$ 301,894	1,984,933	114,890	2,401,717	2,955,780	
Receivables (net of allowances for uncollectibles):						
Accounts	12,419	10,946	-	23,365	25,644	
Due from federal government	224	-	-	224	198	
Interfund	-	97	-	97	4,532	
Other current assets	-	-	31,826	31,826	41,277	
<b>Total assets</b>	<b>\$ 314,537</b>	<b>1,995,976</b>	<b>146,716</b>	<b>2,457,229</b>	<b>3,027,431</b>	
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current Liabilities:</b>						
Payables:						
Accounts	\$ 2,866	121,786	68,177	192,829	179,890	
Due to District Government	1,281	-	-	1,281	5,563	
Interfund	-	1,615	-	1,615	488,734	
Other current liabilities	6,786	-	78,442	85,228	40,107	
Interfund payables	-	-	97	97	-	
<b>Total liabilities</b>	<b>10,933</b>	<b>123,401</b>	<b>146,716</b>	<b>281,050</b>	<b>714,294</b>	
<b>Fund Balances:</b>						
Reserved for benefits	-	1,872,575	-	1,872,575	2,041,476	
Reserved for unemployment compensation	303,604	-	-	303,604	271,661	
<b>Total fund balance</b>	<b>303,604</b>	<b>1,872,575</b>	<b>-</b>	<b>2,176,179</b>	<b>2,313,137</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 314,537</b>	<b>1,995,976</b>	<b>146,716</b>	<b>2,457,229</b>	<b>3,027,431</b>	

			Exhibit E-2
<b>UNEMPLOYMENT COMPENSATION EXPENDABLE TRUST FUND</b>			
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE</b>			
<b>Year Ended September 30, 2001</b>			
<b>(With Comparative Totals for Year Ended September 30, 2000)</b>			
(\$000s)			
	2001	2000	
<b>Revenues:</b>			
Taxes	\$ 99,945	108,268	
Benefit contributions:			
Intergovernmental	10,188	4,588	
Interfund	3,236	4,133	
Miscellaneous:			
Investment income	17,927	14,906	
Total revenues	<u>131,296</u>	<u>131,895</u>	
<b>Expenditures:</b>			
Current:			
Human support services:			
Benefit payments	99,353	80,896	
Total expenditures	<u>99,353</u>	<u>80,896</u>	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>31,943</b>	<b>50,999</b>	
<b>Fund Balance at October 1</b>	<b>271,661</b>	<b>220,662</b>	
<b>Fund Balance at September 30</b>	<b>\$ 303,604</b>	<b>271,661</b>	

**Exhibit E-3**

**DISTRICT AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**Year Ended September 30, 2001**  
**( $\$000$ s)**

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 35,090	2,187,527	2,107,727	114,890
Accounts receivable	2,074	-	2,074	-
Other current assets	41,277	800,275	809,726	31,826
<b>Total assets</b>	<b>\$ 78,441</b>	<b>2,987,802</b>	<b>2,919,527</b>	<b>146,716</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 42,230	38,175	12,228	68,177
Other current liabilities	36,211	1,178,426	1,136,195	78,442
Interfund payable	-	97	-	97
<b>Total liabilities</b>	<b>\$ 78,441</b>	<b>1,216,698</b>	<b>1,148,423</b>	<b>146,716</b>

## DISCRETELY PRESENTED COMPONENT UNITS

Component units are legally separate organizations for which the elected officials of the District are financially accountable. Accountability exists because the governing bodies of all the component units are appointed by the Mayor with the consent of the Council. In addition, the District has an obligation to provide financial support to the Convention Center and Sports Commission, and certain tax revenues are dedicated to each of these organizations. All the component units use proprietary fund type accounting. The financial data of the component units are reported separately from the financial data of the primary government.

The **Water and Sewer Unit** is used to account for the provision of water and sewer services to residents of the District, suburban Maryland, and northern Virginia. All activities necessary to provide such services are accounted for in this unit, including administration, operations, maintenance, debt service, billing and collecting. Depreciation on fixed assets acquired through capital grants is closed to Contributed Capital. Eleven directors govern the fund, six appointed by the Mayor with the consent of the council and five appointed by the Mayor upon recommendation from the other participating jurisdictions.

The **Convention Center Unit** is used to account for maintaining and operating the Washington Convention Center for local public shows and exhibitions, civic and community events and gatherings, athletic and cultural events, entertainment, and other activities. The Convention Center is governed by nine directors consisting of the Chief Financial Officer of the District, the Director of the Office of Tourism and Promotions, and seven directors appointed by the Mayor with the consent of the Council.

The **Sports Commission Unit** is used to account for maintaining and operating the National Guard Armory for major athletic events, conventions, concerts, and other activities; and for maintaining and operating the Robert F. Kennedy Memorial Stadium for athletic and other events. The Sport Commission promotes the District as a sporting event site; coordinates development and construction of sporting facilities and related infrastructure; manages District-owned facilities; and may own and operate a professional sports franchise. The eleven directors who govern the Sports Commission consist of the Chief Financial Officer of the District, the Director of the Department of Recreation and Parks, a District government official appointed by the Mayor, and eight directors appointed by the Mayor with the consent of the Council.

The **Housing Finance Unit** is used to account for cash received from public and private sources that is used to alleviate the shortage of adequate housing. Mortgage lenders work with the fund to make mortgage, construction, and rehabilitation loans for single and multi-family units, both rented and owned. The increase in the supply of residential mortgages and construction loans and the lowering of the cost of money available for these loans expands available housing opportunities, achieves neighborhood and fiscal stability, and affects residential economic diversity. The fund is administered by Housing Finance Agency Board of Directors, which is comprised of five members who are appointed by the Mayor with the consent of the Council.

The **University Unit** is used to account for resources received and used by the University of the District of Columbia, which is a land-grant institution offering higher education to the public. The University is governed by a Board of Trustees. Eleven members of the board are appointed by the Mayor with the consent of the Council, one member is a full-time student, and three members are appointed by the alumni associations. Depreciation on fixed assets is closed to Contributed Capital.

**Exhibit F-1****DISCRETELY PRESENTED COMPONENT UNITS****COMBINING BALANCE SHEET**

**September 30, 2001**  
**(With Comparative Totals at September 30, 2000)**  
**(\$000s)**

	Water and Sewer	Convention Center	Sports Commission	Housing Finance	Univer- sity	2001	Totals
							2000
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and investments:							
Restricted	\$ 7,489	412,797	-	659,899	-	1,080,185	569,227
Unrestricted	124,965	21,197	12,030	15,434	33,127	206,753	777,921
Receivables (net of allowances for uncollectibles):							
Accounts	50,769	262	1,169	10,026	3,279	65,505	88,741
Due from federal government	27,623	-	-	-	10,140	37,763	14,397
Due from primary government	16,749	4,035	-	-	-	20,784	31,047
Inventories	8,841	-	-	-	-	8,841	10,104
Other current assets	-	1,423	53	4,263	1,358	7,097	4,409
Total current Assets	<b>236,436</b>	<b>439,714</b>	<b>13,252</b>	<b>689,622</b>	<b>47,904</b>	<b>1,426,928</b>	<b>1,495,846</b>
<b>Long Term Assets:</b>							
Loans receivable	34,420	-	-	283,414	-	317,834	265,405
Due from federal government	-	-	-	-	-	-	33,282
Deferred charges	24,529	15,911	-	15,243	66	55,749	28,131
Total long term assets	<b>58,949</b>	<b>15,911</b>	<b>-</b>	<b>298,657</b>	<b>66</b>	<b>373,583</b>	<b>326,818</b>
<b>Fixed Assets:</b>							
Property and equipment	1,906,150	402,195	35,204	4,465	149,825	2,497,839	2,363,896
Less-accumulated depreciation	(560,010)	(7,842)	(24,611)	(1,423)	(91,332)	(685,218)	(696,065)
Net fixed assets	<b>1,346,140</b>	<b>394,353</b>	<b>10,593</b>	<b>3,042</b>	<b>58,493</b>	<b>1,812,621</b>	<b>1,667,831</b>
Total assets	<b>1,641,525</b>	<b>849,978</b>	<b>23,845</b>	<b>991,321</b>	<b>106,463</b>	<b>3,613,132</b>	<b>3,490,495</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Current Liabilities:</b>							
Payables:							
Accounts	30,102	20,158	609	2,929	5,814	59,612	68,964
Compensation	14,291	1,357	400	-	7,435	23,483	15,350
Due to primary government	6,510	-	-	-	11,383	17,893	22,784
Accrued liabilities	21,887	-	-	12,430	1,908	36,225	37,869
Deferred revenue	48,726	15,408	-	52,407	8,108	124,649	113,757
Current maturities	28,498	-	-	102,820	-	131,318	17,691
Other current liabilities	-	15,846	308	-	84	16,238	8,616
Total current liabilities	<b>150,014</b>	<b>52,769</b>	<b>1,317</b>	<b>170,586</b>	<b>34,732</b>	<b>409,418</b>	<b>285,031</b>
<b>Long Term Liabilities:</b>							
Long term debt:							
General obligation bonds payable	79,058	-	-	-	-	79,058	91,181
Other bonds and loans payable	290,065	524,460	-	759,179	-	1,573,704	1,585,888
Other long term liabilities:							
Capital leases payable	-	-	-	2,150	-	2,150	2,240
Deferred revenue	401,354	-	-	-	-	401,354	371,912
Total long term liabilities	<b>770,477</b>	<b>524,460</b>	<b>-</b>	<b>761,329</b>	<b>-</b>	<b>2,056,266</b>	<b>2,051,221</b>
Total liabilities	<b>920,491</b>	<b>577,229</b>	<b>1,317</b>	<b>931,915</b>	<b>34,732</b>	<b>2,465,684</b>	<b>2,336,252</b>
<b>Equity:</b>							
Contributed capital (restated)	394,613	-	15,715	-	-	410,328	566,507
Investment in general fixed assets	-	-	-	-	58,493	58,493	-
Retained earnings (deficit) (restated)	326,421	272,749	6,813	59,406	13,238	678,627	587,736
Total equity	<b>721,034</b>	<b>272,749</b>	<b>22,528</b>	<b>59,406</b>	<b>71,731</b>	<b>1,147,448</b>	<b>1,154,243</b>
Total liabilities and equity	<b>\$ 1,641,525</b>	<b>849,978</b>	<b>23,845</b>	<b>991,321</b>	<b>106,463</b>	<b>3,613,132</b>	<b>3,490,495</b>

						Exhibit F-2
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>						
<b>COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS</b>						
<b>Year Ended September 30, 2001</b>						
<b>(With Comparative Totals for Year Ended September 30, 2000)</b>						
<b>(\$000s)</b>						
	<b>Water and Sewer</b>	<b>Convention Center</b>	<b>Sports Commission</b>	<b>Housing Finance</b>	<b>Totals</b>	
					<b>2001</b>	<b>2000</b>
<b>Operating Revenues:</b>						
Charges for services:						
Public	\$ 195,454	9,811	8,421	-	213,686	204,880
Federal contributions/grants	26,199	-	-	-	26,199	24,092
Primary government	15,827	-	-	-	15,827	16,077
Miscellaneous:						
Interest on loans	-	-	-	50,179	50,179	25,513
Total operating revenues	<b>237,480</b>	<b>9,811</b>	<b>8,421</b>	<b>50,179</b>	<b>305,891</b>	<b>270,562</b>
<b>Operating Expenses:</b>						
Personal services	62,055	10,919	3,330	2,783	79,087	78,707
Contractual services	76,061	2,498	3,147	-	81,706	68,158
Supplies	15,488	398	364	-	16,250	12,951
Occupancy	21,219	1,924	1,140	-	24,283	22,963
Depreciation	32,971	1,186	1,171	171	35,499	33,670
Miscellaneous	15,026	9,457	415	27,329	52,227	44,480
Total operating expenses	<b>222,820</b>	<b>26,382</b>	<b>9,567</b>	<b>30,283</b>	<b>289,052</b>	<b>260,929</b>
OPERATING INCOME (LOSS)	<b>14,660</b>	<b>(16,571)</b>	<b>(1,146)</b>	<b>19,896</b>	<b>16,839</b>	<b>9,633</b>
<b>Nonoperating Revenues (Expenses):</b>						
Intergovernmental	11,202	-	-	33,380	44,582	24,197
Interest revenue	10,382	240	-	15,958	26,580	30,261
Interest expense	(15,486)	-	-	(43,627)	(59,113)	(55,954)
Miscellaneous	278	-	-	(98)	180	-
Total nonoperating revenues (expenses)	<b>6,376</b>	<b>240</b>	<b>-</b>	<b>5,613</b>	<b>12,229</b>	<b>(1,496)</b>
INCOME (LOSS) BEFORE TRANSFERS	<b>21,036</b>	<b>(16,331)</b>	<b>(1,146)</b>	<b>25,509</b>	<b>29,068</b>	<b>8,137</b>
<b>Operating transfers from primary government</b>	<b>-</b>	<b>55,851</b>	<b>-</b>	<b>-</b>	<b>55,851</b>	<b>54,524</b>
<b>NET INCOME (LOSS)</b>	<b>21,036</b>	<b>39,520</b>	<b>(1,146)</b>	<b>25,509</b>	<b>84,919</b>	<b>62,661</b>
Depreciation closed to Contributed Capital	4,570	-	-	-	4,570	6,320
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b>25,606</b>	<b>39,520</b>	<b>(1,146)</b>	<b>25,509</b>	<b>89,489</b>	<b>68,981</b>
<b>Retained Earnings</b>						
at October 1 (restated)	300,816	233,228	7,959	33,897	575,900	507,010
<b>Retained Earnings</b>						
at September 30	<b>\$ 326,422</b>	<b>272,748</b>	<b>6,813</b>	<b>59,406</b>	<b>665,389</b>	<b>575,991</b>

**Exhibit F-3**

**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year ended September 30, 2001**  
**(With Comparative Totals for Year Ended September 30, 2000)**  
**(\$000s)**

	Water and Sewer	Convention Center	Sports Commission	Housing Finance	Totals
					2001
					2000
<b>Operating Activities:</b>					
Cash receipts from customers	\$ 225,470	11,721	7,827	-	245,018
Cash receipts from loans and interest	-	-	-	53,149	53,149
Other cash receipts	-	-	-	10,578	10,578
Cash payments to vendors	(119,797)	(4,995)	(6,516)	(26,757)	(158,065)
Cash payments to employees	(55,635)	(10,786)	(3,285)	(2,783)	(72,489)
Other cash payments	-	-	-	(98)	(98)
Net cash provided (used)	<u>50,038</u>	<u>(4,060)</u>	<u>(1,974)</u>	<u>34,089</u>	<u>78,093</u>
					<u>148,792</u>
<b>Capital and Related</b>					
<b>Financing Activities:</b>					
Acquisitions of fixed assets	(104,940)	(159,450)	(1,786)	(243)	(266,419)
Proceeds of long term bonds	44,617	-	-	-	44,617
Payments of long term debt	(20,386)	-	-	-	(20,386)
Payments of interest and charges	(20,007)	-	-	-	(20,007)
Contributions of capital	4,580	-	-	-	4,580
Net cash provided (used)	<u>(96,136)</u>	<u>(159,450)</u>	<u>(1,786)</u>	<u>(243)</u>	<u>(257,615)</u>
					<u>(282,361)</u>
<b>Noncapital Financing Activities:</b>					
Intergovernmental	-	-	-	33,290	33,290
Transfers from General Fund	-	55,851	-	-	55,851
Mortgages and construction loans	-	-	-	(18,009)	(18,009)
Proceeds of loans payable	-	-	-	169,044	169,044
Payments of interest and charges	-	-	-	(48,415)	(48,415)
Receipts from (payments to) other funds	10,434	724	(2,177)	-	8,981
Net cash provided	<u>10,434</u>	<u>56,575</u>	<u>(2,177)</u>	<u>135,910</u>	<u>200,742</u>
					<u>289,338</u>
<b>Investing Activities:</b>					
Receipts of interest and dividends	11,431	240	-	15,958	27,629
Payments of loans payable	-	-	-	(77,437)	(77,437)
Net cash provided	<u>11,431</u>	<u>240</u>	<u>-</u>	<u>(61,479)</u>	<u>(49,808)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(24,233)</b>	<b>(106,695)</b>	<b>(5,937)</b>	<b>108,277</b>	<b>(28,588)</b>
<b>Cash and Investments at October 1</b>	<b>156,687</b>	<b>540,687</b>	<b>17,967</b>	<b>567,147</b>	<b>1,282,488</b>
<b>Cash and Investments at September 30</b>	<b>\$ 132,454</b>	<b>433,992</b>	<b>12,030</b>	<b>675,424</b>	<b>1,253,900</b>
					<b>1,314,449</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 14,660	(16,571)	(1,146)	19,896	16,839
Depreciation	32,971	1,186	1,171	171	35,499
Allowance for uncollectibles	-	234	(141)	-	93
Miscellaneous nonoperating revenues	-	13,304	-	(98)	13,206
Gain on dispositions of fixed assets	-	(13,302)	(1,603)	-	(14,905)
Decrease (increase) in assets:					49,765
Receivables	(6,395)	275	(453)	3,467	(3,106)
Inventories	1,263	-	-	-	1,263
Other current assets	7,591	589	(7)	(3,197)	4,976
Increase (decrease) in liabilities:					6,597
Payables	10,779	1,946	134	572	13,431
Accrued liabilities	(2,026)	-	-	-	(2,026)
Deferred revenue	(8,805)	812	-	13,278	5,285
Other current liabilities	-	7,467	71	-	7,538
Net cash provided (used)	<u>50,038</u>	<u>(4,060)</u>	<u>(1,974)</u>	<u>34,089</u>	<u>78,093</u>
					<u>148,792</u>

## **SUPPORTING SCHEDULES**

Supporting schedules are financial presentations used to aggregate and present in greater detail information spread throughout the financial statements and to present additional information not disclosed in GAAP statements.

Supporting budgetary schedules are presented to demonstrate budgetary compliance with the legally adopted operating budget that includes the General Fund, Enterprise fund component units, and the administrative costs of the Pension Trust.

Supporting schedules of financial operation and activity, which exclude pension trust funds, are aggregated using the flow of financial resources measurement focus and the accrual basis of accounting. With this measurement focus, all capital asset and debt transactions are presented in the schedules and depreciation of fixed assets is not reported as an expense. General Fund and special revenue fund purchases of equipment are included in functional expenditures. Under the accrual basis of accounting, revenues are recognized when earned and expenditures, except accrued interest, are recognized when the related liabilities are incurred. The results of operations are reclassified in conformity with generally accepted accounting principles in order to provide reconciliation with the general purpose financial statements.

A supporting schedule presents the comparative cash flows of the general fund, reconciled to the operating excess (deficiency).

## Exhibit G-1

**FINANCIAL REPORTING ENTITY**  
**SCHEDULE OF BUDGETARY BASIS EXPENDITURES**  
**Year Ended September 30, 2001**  
**(\$000s)**

		<b>Budget</b>			
		<b>Original</b>	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>
<b>Governmental direction and support:</b>					
City Council	\$	12,124	14,351	14,139	212
DC Auditor		1,283	1,321	1,274	47
Advisory neighborhood commissions		748	749	593	156
Mayor		7,467	6,826	6,364	462
Executive secretary		1,946	2,361	2,322	39
Citywide call center		-	575	551	24
City administrator		23,386	30,872	15,606	15,266
Personnel		11,285	11,460	10,112	1,348
Human resource development		2,744	3,809	3,673	136
Finance and resource management		2,153	8,571	8,022	549
Contracts and procurement		15,337	13,112	12,717	395
Chief technology officer		11,770	11,579	13,678	(2,099)
Property management		8,550	25,179	23,543	1,636
Contract appeals		734	739	738	1
Elections and ethics		3,250	3,387	3,266	121
Campaign finance		1,209	1,275	1,260	15
Public employee relations		652	636	586	50
Employee appeals		1,434	1,459	1,400	59
Council of governments		367	367	367	-
Inspector general		12,399	12,659	11,653	1,006
Chief financial officer		76,933	89,645	85,032	4,613
<b>Total governmental direction and support</b>		<b>195,771</b>	<b>240,932</b>	<b>216,896</b>	<b>24,036</b>
<b>Economic development and regulation:</b>					
Business services and economic development		26,753	37,063	21,353	15,710
Office of zoning		1,763	1,844	1,813	31
Housing and community development		48,273	117,983	53,804	64,179
Employment services		80,812	98,759	60,058	38,701
Appeals and review		244	251	240	11
Real property assessment and appeals		300	318	283	35
Consumer and regulatory affairs		26,513	28,059	25,003	3,056
Office of banks and financial institutions		1,869	6,869	2,251	4,618
Public services commission		5,678	6,312	6,093	219
Office of people's counsel		3,020	3,164	3,052	112
Insurance regulation		7,359	8,101	7,518	583
Office of cable TV		3,054	8,082	7,687	395
<b>Total economic development and regulation</b>		<b>205,638</b>	<b>316,805</b>	<b>189,155</b>	<b>127,650</b>
<b>Public safety and justice:</b>					
Police		303,412	334,838	319,501	15,337
Fire and emergency medical services		116,596	129,566	129,216	350
Police and firefighter retirement contribution		49,000	49,000	49,000	-
Corporation counsel		45,965	53,821	46,786	7,035
Payment of settlements and judgments		23,450	26,690	25,881	809
Corrections		212,993	221,267	212,495	8,772
National guard		2,326	2,534	2,044	490
Emergency preparedness		2,978	11,206	9,727	1,479
Judicial disabilities and tenure		169	172	165	7
Judicial nomination		90	94	84	10
Citizen complaint review board		857	1,314	1,117	197
Advisory commission on sentencing		733	735	392	343
Office of the Chief Medical Examiner		3,977	4,467	4,411	56
<b>Total public safety and justice</b>		<b>762,546</b>	<b>835,704</b>	<b>800,819</b>	<b>34,885</b>
<b>Public education system:</b>					
Public schools		769,943	806,309	817,227	(10,918)
FY02 public school expenditure		65,862	9,768	9,768	-
Teachers' retirement contribution		200	200	200	-
State education office		1,679	30,405	26,841	3,564
DC resident tuition		17,000	10,569	10,569	-
Public charter schools		105,000	105,000	104,984	16
FY02 public charter school expenditure		35,564	31,884	31,884	-
University		44,691	47,132	46,933	199
Public library		26,459	28,277	27,066	1,211
Arts and humanities		2,204	2,633	2,310	323
<b>Total public education system</b>		<b>1,068,602</b>	<b>1,072,177</b>	<b>1,077,782</b>	<b>(5,605)</b>

## Exhibit G-1

**FINANCIAL REPORTING ENTITY**  
**SCHEDULE OF BUDGETARY BASIS EXPENDITURES**

**Year Ended September 30, 2001**  
**(\$000s)**

	Budget			
	Original	Revised	Actual	Variance
<b>Human support services:</b>				
Human development	\$ 384,840	421,168	387,918	33,250
Health	1,014,881	1,176,726	1,110,207	66,519
Recreation and parks	28,855	30,212	27,889	2,323
Aging	19,131	20,605	19,721	884
Public benefit corporation payment	45,313	45,313	45,313	-
PBC transition	-	91,599	91,599	-
Unemployment compensation contribution	6,199	4,199	3,838	361
Employee disability compensation	25,836	29,636	27,805	1,831
Human rights and minority business opportunity	1,407	1,666	1,237	429
Children investment trust	-	5,000	5,000	-
Latino affairs	882	2,386	2,307	79
Energy	4,860	11,085	8,373	2,712
Commission on Women	3,450	983	983	-
Section 103 payment	-		11,000	(11,000)
<b>Total human support services</b>	<b>1,535,654</b>	<b>1,840,578</b>	<b>1,743,190</b>	<b>97,388</b>
<b>Public works:</b>				
Public works	108,589	109,307	104,351	4,956
Department of motor vehicles	27,825	30,194	27,204	2,990
Taxicab commission	673	2,467	770	1,697
Washington metropolitan area transit commission	82	82	82	-
Washington metropolitan area transit authority	138,073	163,073	163,073	-
School transit subsidy	3,000	3,000	2,973	27
<b>Total public works</b>	<b>278,242</b>	<b>308,123</b>	<b>298,453</b>	<b>9,670</b>
<b>Receivingships:</b>				
Child and family services	166,652	186,090	177,244	8,846
Incentives for adoption of children	-	57	57	-
Dept of mental health	210,569	225,526	287,336	(61,810)
Medical receiver	12,307	10,823	10,820	3
<b>Total receivingships</b>	<b>389,528</b>	<b>422,496</b>	<b>475,457</b>	<b>(52,961)</b>
<b>Other:</b>				
Reserve	150,000	45,500	-	45,500
Repayment of bonds and interest	243,238	236,338	228,364	7,974
Repayment of general fund deficit bonds	39,300	39,300	38,366	934
Interest on short term borrowing	1,140	1,140	-	1,140
Presidential inauguration	5,961	5,948	5,755	193
Certificates of participation	7,950	7,950	7,929	21
Wilson Building	8,409	10,341	9,897	444
Optical and dental insurance	2,675	2,675	-	2,675
Management supervisory service	13,200	3,416	-	3,416
Tobacco Settlement Trust Fund Transfer Payment	61,406	61,406	-	61,406
Water and sewer authority	230,614	232,765	205,803	26,962
Washington aqueduct	45,091	45,091	-	45,091
Lottery and games	223,200	233,999	227,089	6,910
Sports commission	10,968	10,968	3,330	7,638
Public benefit corporation operations	78,235	78,235	85,082	(6,847)
Retirement board administration	11,414	11,414	6,748	4,666
Correctional industries	1,808	1,842	1,198	644
Washington convention center operations	52,726	52,726	24,874	27,852
Refunded Bonds	-	-	617,230	(617,230)
Workforce investment	-	4,813	-	4,813
Financial responsibility authority	3,140	3,140	3,140	-
<b>Total other</b>	<b>1,190,475</b>	<b>1,089,007</b>	<b>1,464,805</b>	<b>(375,798)</b>
Operational improvement savings	(10,000)	(7,605)	-	(7,605)
Management reform savings	(37,000)	-	-	-
Cafeteria Plan Savings	(5,000)	(4,748)	-	(4,748)
<b>Total savings</b>	<b>(52,000)</b>	<b>(12,353)</b>	<b>-</b>	<b>(12,353)</b>
<b>Total budget</b>	<b>\$ 5,574,456</b>	<b>6,113,469</b>	<b>6,266,557</b>	<b>(153,088)</b>

## Exhibit G-2

**FINANCIAL REPORTING ENTITY**  
**SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS**  
**Year Ended September 30, 2001**  
**(\$000s)**

	Local Source				Federal Grants			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
<b>General Fund:</b>								
Revenues	\$ 3,404,158	3,617,610	4,371,889	(754,279)	1,292,668	1,597,625	1,307,991	289,634
Expenditures and PL 106-113 productivity savings	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>3,404,158</u>	<u>3,617,610</u>	<u>4,371,889</u>	<u>(754,279)</u>	<u>1,292,668</u>	<u>1,597,625</u>	<u>1,307,991</u>	<u>289,634</u>
<b>Water and Sewer Utility:</b>								
<b>Water and Sewer Authority:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Washington Aqueduct:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Total Water and Sewer Utility:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Lottery and Games:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Sports Commission:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Public Benefit Corp. Operations:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Retirement Board Administration:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Correctional Industries:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Washington Convention Center Operations:</b>								
Revenues	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>-</u>	<u>-</u>						
<b>Total:</b>								
Revenues	3,404,158	3,617,610	4,371,889	(754,279)	1,292,668	1,597,625	1,307,991	289,634
Expenditures and PL 106-113 deficit reduction	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>3,404,158</u>	<u>3,617,610</u>	<u>4,371,889</u>	<u>(754,279)</u>	<u>1,292,668</u>	<u>1,597,625</u>	<u>1,307,991</u>	<u>289,634</u>

## Exhibit G-2

**FINANCIAL REPORTING ENTITY**  
**SCHEDULE OF BUDGETARY BASIS OPERATIONS BY SOURCE OF FUNDS**  
**Year Ended September 30, 2001**  
**( $\$000s$ )**

	Private and Other				Total			
	Original Budget	Revised Budget	Actual	Variance	Original Budget	Revised Budget	Actual	Variance
<b>General Fund:</b>								
Revenues	\$ 275,523	357,829	288,169	69,660	4,972,349	5,573,064	5,968,049	(394,985)
Expenditures and PL 106-113 productivity savings	-	-	-	-	-	-	-	-
Excess (Deficiency)	<u>275,523</u>	<u>357,829</u>	<u>288,169</u>	<u>69,660</u>	<u>4,972,349</u>	<u>5,573,064</u>	<u>5,968,049</u>	<u>(394,985)</u>
<b>Water and Sewer Utility:</b>								
<b>Water and Sewer Authority:</b>								
Revenues	230,614	232,765	205,803	26,962	230,614	232,765	205,803	26,962
Expenditures	230,614	232,765	205,803	26,962	230,614	232,765	205,803	26,962
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Washington Aqueduct:</b>								
Revenues	45,091	45,091	-	45,091	45,091	45,091	-	45,091
Expenditures	45,091	45,091	-	45,091	45,091	45,091	-	45,091
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Total Water and Sewer Utility:</b>								
Revenues	275,705	277,856	205,803	72,053	275,705	277,856	205,803	72,053
Expenditures	275,705	277,856	205,803	72,053	275,705	277,856	205,803	72,053
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Lottery and Games:</b>								
Revenues	223,200	233,999	227,089	6,910	223,200	233,999	227,089	6,910
Expenditures	223,200	233,999	227,089	6,910	223,200	233,999	227,089	6,910
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Sports Commission:</b>								
Revenues	10,968	10,968	3,330	7,638	10,968	10,968	3,330	7,638
Expenditures	10,968	10,968	3,330	7,638	10,968	10,968	3,330	7,638
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Public Benefit Corp. Operations:</b>								
Revenues	78,235	78,235	85,082	(6,847)	78,235	78,235	85,082	(6,847)
Expenditures	78,235	78,235	85,082	(6,847)	78,235	78,235	85,082	(6,847)
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Retirement Board Administration:</b>								
Revenues	11,414	11,414	6,748	4,666	11,414	11,414	6,748	4,666
Expenditures	11,414	11,414	6,748	4,666	11,414	11,414	6,748	4,666
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Correctional Industries:</b>								
Revenues	1,808	1,808	1,198	610	1,808	1,808	1,198	610
Expenditures	1,808	1,808	1,198	610	1,808	1,808	1,198	610
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Washington Convention Center Operations:</b>								
Revenues	52,726	52,726	24,874	27,852	52,726	52,726	24,874	27,852
Expenditures	52,726	52,726	24,874	27,852	52,726	52,726	24,874	27,852
Excess (Deficiency)	-	-	-	-	-	-	-	-
<b>Total:</b>								
Revenues	929,579	1,024,835	842,293	182,542	5,626,405	6,240,070	6,522,173	(282,103)
Expenditures and PL 106-113 deficit reduction	654,056	667,006	554,124	112,882	654,056	667,006	554,124	112,882
Excess (Deficiency)	<u>\$ 275,523</u>	<u>357,829</u>	<u>288,169</u>	<u>69,660</u>	<u>4,972,349</u>	<u>5,573,064</u>	<u>5,968,049</u>	<u>(394,985)</u>

## Exhibit G-3

**FINANCIAL REPORTING ENTITY**  
**COMBINED SCHEDULE OF BUDGET REVISIONS**  
**Year Ended September 30, 2001**  
(\$000s)

	Local Source					Federal Grants			
	Original Budget	Initial Allocation	Reprog-ramming	Other Allocations	Revised Budget	Original Budget	Initial Allocation	Revenue Change	Revised Budget
<b>Revenues and Sources:</b>									
Taxes:									
Property taxes	\$ 644,360	-	-	47,073	691,433	-	-	-	-
Sales and use taxes	651,230	-	-	45,953	697,183	-	-	-	-
Income taxes	1,291,179	-	-	129,294	1,420,473	-	-	-	-
Other taxes	331,660	-	-	67,658	399,318	-	-	-	-
Total taxes	2,918,429	-	-	289,978	3,208,407	-	-	-	-
Licenses and permits	37,095	-	-	4,070	41,165	-	-	-	-
Fines and forfeits	67,716	-	-	(14,726)	52,990	-	-	-	-
Charges for services	61,528	-	-	1,547	63,075	-	-	-	-
Miscellaneous	220,279	-	-	(67,351)	152,928	-	-	-	-
Private & Other	-	-	-	-	-	-	-	-	-
Federal contributions	30,111	-	-	(66)	30,045	-	-	-	-
Operating grants	-	-	-	-	-	1,292,668	-	304,957	1,597,625
Transfer from Lottery Board	69,000	-	-	-	69,000	-	-	-	-
Total revenues and sources	<b>3,404,158</b>	<b>-</b>	<b>-</b>	<b>213,452</b>	<b>3,617,610</b>	<b>1,292,668</b>	<b>-</b>	<b>304,957</b>	<b>1,597,625</b>
<b>Expenditures and Uses:</b>									
Governmental direction and support	162,172	(6,200)	25,627	558	182,157	20,424	-	8,117	28,541
Economic development and regulation	53,562	(3,426)	6,298	183	56,617	92,378	-	59,522	151,900
Public safety and justice	591,565	(7,209)	58,357	127	642,840	24,950	-	14,569	39,519
Public education system	824,867	508	32,220	1,714	859,309	134,444	-	24,617	159,061
Public School FY02 Expenditure	101,426	-	(59,774)	-	41,652	-	-	-	-
Human support services	637,347	(11,687)	134,329	22	760,011	881,589	-	184,323	1,065,912
Public works	265,078	(5,545)	28,035	-	287,568	3,328	-	1,629	4,957
Receivingships	234,913	-	18,743	691	254,347	135,555	-	12,180	147,735
Workforce investments	-	-	4,813	-	4,813	-	-	-	-
Tobacco Settlement Trust Fund Transfer	61,406	-	-	-	61,406	-	-	-	-
Wilson Building	8,409	-	1,932	-	10,341	-	-	-	-
Reserve	150,000	-	(104,500)	-	45,500	-	-	-	-
Financial Responsibility Authority	-	-	-	-	-	-	-	-	-
Repayment of bonds and interest	243,238	-	(6,900)	-	236,338	-	-	-	-
Repayment of General Fund deficit bonds	39,300	-	-	-	39,300	-	-	-	-
Interest on short term borrowing	1,140	-	-	-	1,140	-	-	-	-
Certificates of participation	7,950	-	-	-	7,950	-	-	-	-
Optical and Dental Insurance	2,675	-	-	-	2,675	-	-	-	-
Presidential Inauguration	5,961	-	-	(13)	5,948	-	-	-	-
Water and Sewer Authority	-	-	-	-	-	-	-	-	-
Washington Aqueduct	-	-	-	-	-	-	-	-	-
Lottery and Games	-	-	-	-	-	-	-	-	-
Sports Commission	-	-	-	-	-	-	-	-	-
Public Benefit Corporation operations	-	-	-	-	-	-	-	-	-
Retirement Board administration	-	-	-	-	-	-	-	-	-
Correctional Industries	-	-	34	-	34	-	-	-	-
Washington Convention Center operations	-	-	-	-	-	-	-	-	-
Management Supervisory Service	13,200	-	-	(9,784)	3,416	-	-	-	-
Total expenditures and uses	<b>3,404,209</b>	<b>(33,559)</b>	<b>139,214</b>	<b>(6,502)</b>	<b>3,503,362</b>	<b>1,292,668</b>	<b>-</b>	<b>304,957</b>	<b>1,597,625</b>
Subtotal	(51)	33,559	(139,214)	219,954	114,248	-	-	-	-
Operational Improvement Savings	10,000	-	(2,395)	-	7,605	-	-	-	-
Management Reform Savings	37,000	-	-	(37,000)	-	-	-	-	-
Cafeteria Plan Savings	5,000	-	(252)	-	4,748	-	-	-	-
Total PL 106-113 Savings	<b>52,000</b>	<b>-</b>	<b>(2,647)</b>	<b>(37,000)</b>	<b>12,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Sources Over (Under) Expenditures and Uses	<b>\$ 51,949</b>	<b>33,559</b>	<b>(141,861)</b>	<b>182,954</b>	<b>126,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Exhibit G-3

**FINANCIAL REPORTING ENTITY**  
**COMBINED SCHEDULE OF BUDGET REVISIONS**  
**Year Ended September 30, 2001**  
**(\$000s)**

		<b>Private and Other</b>				<b>Total</b>				
	<b>Original Budget</b>	<b>Initial Allocation</b>	<b>Revenue Change</b>	<b>Revised Budget</b>	<b>Original Budget</b>	<b>Initial Allocation</b>	<b>Reprogramming</b>	<b>Revenue Change</b>	<b>Other Allocations</b>	<b>Revised Budget</b>
<b>Revenues and Sources:</b>										
Taxes:										
Property taxes	\$ -	-	-	-	644,360	-	-	-	47,073	691,433
Sales and use taxes	-	-	-	-	651,230	-	-	-	45,953	697,183
Income taxes	-	-	-	-	1,291,179	-	-	-	129,294	1,420,473
Other taxes	-	-	-	-	331,660	-	-	-	67,658	399,318
Total taxes	-	-	-	-	2,918,429	-	-	-	289,978	3,208,407
Licenses and permits	-	-	-	-	37,095	-	-	-	4,070	41,165
Fines and forfeits	-	-	-	-	67,716	-	-	-	(14,726)	52,990
Charges for services	-	-	-	-	61,528	-	-	-	1,547	63,075
Miscellaneous	-	-	-	-	220,279	-	-	-	(67,351)	152,928
Private & Other	929,579	-	95,256	1,024,835	929,579	-	-	95,256	-	1,024,835
Federal contributions	-	-	-	-	30,111	-	-	-	(66)	30,045
Operating grants	-	-	-	-	1,292,668	-	-	304,957	-	1,597,625
Transfer in from Lottery Board	-	-	-	-	69,000	-	-	-	-	69,000
<b>Total revenues and sources</b>	<b>929,579</b>	<b>-</b>	<b>95,256</b>	<b>1,024,835</b>	<b>5,626,405</b>	<b>-</b>	<b>-</b>	<b>400,213</b>	<b>213,452</b>	<b>6,240,070</b>
<b>Expenditures and Uses:</b>										
Governmental direction and support	13,175	-	17,059	30,234	195,771	(6,200)	25,627	25,176	558	240,932
Economic development and regulation	59,698	-	48,590	108,288	205,638	(3,426)	6,298	108,112	183	316,805
Public safety and justice	146,031	-	7,314	153,345	762,546	(7,209)	58,357	21,883	127	835,704
Public education system	7,865	-	4,290	12,155	967,176	508	32,220	28,907	1,714	1,030,525
Public School FY02 Expenditure	-	-	-	-	101,426	-	(59,774)	-	-	41,652
Human support services	16,718	-	(2,063)	14,655	1,535,654	(11,687)	134,329	182,260	22	1,840,578
Public works	9,836	-	5,762	15,598	278,242	(5,545)	28,035	7,391	-	308,123
Receivingships	19,060	-	1,354	20,414	389,528	-	18,743	13,534	691	422,496
Workforce investments	-	-	-	-	-	-	4,813	-	-	4,813
Tobacco Settlement Trust Fund Transfer	-	-	-	-	61,406	-	-	-	-	61,406
Wilson Building	-	-	-	-	8,409	-	1,932	-	-	10,341
Reserve	-	-	-	-	150,000	-	(104,500)	-	-	45,500
Financial Responsibility Authority	3,140	-	-	3,140	3,140	-	-	-	-	3,140
Repayment of bonds and interest	-	-	-	-	243,238	-	(6,900)	-	-	236,338
Repayment of General Fund deficit bonds	-	-	-	-	39,300	-	-	-	-	39,300
Interest on short term borrowing	-	-	-	-	1,140	-	-	-	-	1,140
Certificates of participation	-	-	-	-	7,950	-	-	-	-	7,950
Optical and Dental Insurance	-	-	-	-	2,675	-	-	-	-	2,675
Presidential Inauguration	-	-	-	-	5,961	-	-	-	(13)	5,948
Water and Sewer Authority	230,614	-	2,151	232,765	230,614	-	-	2,151	-	232,765
Washington Aqueduct	45,091	-	-	45,091	45,091	-	-	-	-	45,091
Lottery and Games	223,200	-	10,799	233,999	223,200	-	-	10,799	-	233,999
Sports Commission	10,968	-	-	10,968	10,968	-	-	-	-	10,968
Public Benefit Corporation operations	78,235	-	-	78,235	78,235	-	-	-	-	78,235
Retirement Board administration	11,414	-	-	11,414	11,414	-	-	-	-	11,414
Correctional Industries	1,808	-	-	1,808	1,808	-	34	-	-	1,842
Washington Convention Center operations	52,726	-	-	52,726	52,726	-	-	-	-	52,726
Management Supervisory Service	-	-	-	-	13,200	-	-	-	(9,784)	3,416
<b>Total expenditures and uses</b>	<b>929,579</b>	<b>-</b>	<b>95,256</b>	<b>1,024,835</b>	<b>5,626,456</b>	<b>(33,559)</b>	<b>139,214</b>	<b>400,213</b>	<b>(6,502)</b>	<b>6,125,822</b>
Subtotal	-	-	-	-	(51)	33,559	(139,214)	-	219,954	114,248
PL 106-113 General Supply Schedule Savings	-	-	-	-	10,000	-	(2,395)	-	-	7,605
PL 106-113 Management Reform Savings	-	-	-	-	37,000	-	-	-	(37,000)	-
Cafeteria Plan Savings	-	-	-	-	5,000	-	(252)	-	-	4,748
Total PL 106-113 Savings	-	-	-	-	52,000	-	(2,647)	-	(37,000)	12,353
Excess (Deficiency) of Revenues and Sources Over (Under)	\$ -	-	-	-	51,949	33,559	(141,861)	-	182,954	126,601

## Exhibit G-4

**FINANCIAL REPORTING ENTITY**  
**COMBINING SCHEDULE OF FINANCIAL OPERATIONS**  
**Year Ended September 30, 2001**  
**(With Comparative Totals for Year Ended September 30, 2000)**

	General	Special Revenue Fund	Capital Projects	Lottery and Games	Unemployment Compensation	Water and Sewer	Convention Center	Sports Commission	Housing Finance	University	Totals 2001	2000
<b>Revenues:</b>												
Taxes	\$ 3,316,379	-	-	-	99,945	-	-	-	-	-	3,416,324	3,236,117
Licenses and permits	42,829	-	-	-	-	-	-	-	-	-	42,829	44,446
Fines and forfeits	58,223	-	-	-	-	-	-	-	-	-	58,223	54,865
Charges for services	182,473	-	-	224,884	-	9,811	8,421	50,179	74,625	-	787,873	749,680
Benefit contributions	-	-	-	13,424	-	-	-	-	-	-	13,424	8,721
Miscellaneous	253,706	28,342	-	1,479	17,927	10,382	240	-	15,958	5,146	333,180	260,003
Federal contributions/grants	1,611,705	-	-	-	-	-	-	33,380	10,920	1,656,005	1,728,587	
Transfers from other funds	86,888	50,498	75,829	-	-	11,202	55,851	-	781	281,019	-	315,681
Total revenues	<u>5,552,173</u>	<u>78,840</u>	<u>75,829</u>	<u>226,363</u>	<u>131,296</u>	<u>259,964</u>	<u>65,902</u>	<u>8,421</u>	<u>99,517</u>	<u>91,472</u>	<u>6,588,877</u>	<u>6,398,400</u>
<b>Expenditures:</b>												
General direction	275,739	20,675	-	-	-	-	-	-	-	-	296,414	253,683
Economic development	187,565	-	-	-	-	-	-	-	-	-	217,677	208,892
938,186	-	-	-	-	-	-	-	-	-	-	938,186	924,843
1,074,437	-	-	-	-	-	-	-	-	-	-	1,175,475	979,385
1,618,030	-	-	-	142,038	99,353	189,849	25,196	8,396	-	-	1,893,013	2,028,383
136,041	-	-	-	-	-	-	-	-	-	-	325,890	311,463
510,562	-	-	-	-	-	-	15,886	-	-	-	510,562	366,261
149,177	-	52,625	-	-	-	-	-	-	43,627	-	260,915	231,012
359,700	-	-	84,000	-	-	-	-	-	-	-	443,700	312,542
<u>5,249,437</u>	<u>20,675</u>	<u>52,625</u>	<u>226,038</u>	<u>99,353</u>	<u>205,335</u>	<u>25,196</u>	<u>8,396</u>	<u>73,739</u>	<u>101,038</u>	<u>6,061,832</u>	<u>5,617,364</u>	
<b>OPERATING EXCESS (DEFICIENCY)</b>	<u>302,736</u>	<u>58,165</u>	<u>23,204</u>	<u>325</u>	<u>31,943</u>	<u>53,729</u>	<u>40,706</u>	<u>25</u>	<u>25,778</u>	<u>(9,566)</u>	<u>527,945</u>	<u>780,736</u>
<b>Capital Sources (uses):</b>												
Capital acquisitions	-	-	(815,534)	-	-	(104,940)	(159,450)	(3,572)	(243)	-	(1,083,739)	(668,600)
Capital contributions	-	-	183,614	-	-	-	-	-	-	-	183,614	132,224
Interest	-	-	7,153	-	-	-	-	-	-	-	7,153	8,075
Lease inception and asset sales	-	517,829	5,613	-	-	-	-	-	-	-	523,442	11,871
Bond proceeds	(513,675)	65,000	-	-	-	(6,900)	-	-	-	-	159,302	189,352
Debt payments	(725,956)	-	69,021	-	-	278	-	-	-	-	(732,856)	(291,875)
Other	(138,073)	4,154	(485,133)	-	-	(111,562)	(159,450)	(3,572)	(243)	-	(68,774)	(152,913)
<b>NET EXCESS (DEFICIENCY)</b>	<u>56,684</u>	<u>62,319</u>	<u>(461,929)</u>	<u>325</u>	<u>31,943</u>	<u>(57,833)</u>	<u>(118,744)</u>	<u>(3,547)</u>	<u>25,535</u>	<u>(9,566)</u>	<u>(474,813)</u>	<u>8,870</u>
Reclassification to GAAP basis	-	-	-	(226)	-	83,439	158,264	2,401	(26)	-	264,788	257,142
<b>INCREASE (DECREASE) IN BALANCES</b>	<u>77,620</u>	<u>62,319</u>	<u>(461,929)</u>	<u>99</u>	<u>31,943</u>	<u>25,606</u>	<u>39,520</u>	<u>(1,146)</u>	<u>25,509</u>	<u>(9,566)</u>	<u>(210,025)</u>	<u>266,012</u>
Balances at October 1 (restated)	<u>484,625</u>	<u>970</u>	<u>458,430</u>	<u>3,275</u>	<u>271,661</u>	<u>300,816</u>	<u>233,228</u>	<u>7,959</u>	<u>33,897</u>	<u>81,297</u>	<u>1,876,158</u>	<u>1,360,342</u>
Balances at September 30	<u>\$ 562,245</u>	<u>63,289</u>	<u>(3,499)</u>	<u>3,374</u>	<u>303,604</u>	<u>326,422</u>	<u>272,748</u>	<u>6,813</u>	<u>59,406</u>	<u>71,731</u>	<u>1,666,133</u>	<u>1,626,354</u>

## Exhibit G-5

**FINANCIAL REPORTING ENTITY**  
**SCHEDULE OF BUDGETARY BASIS EXPENDITURES**  
**Year Ended September 30, 2001**  
**(\$000s)**

	Gross Cost	2001		Net Cost	% of Revenue	2000		Difference		
		District	Federal			Net Cost	% of Revenue	Better or (Worse) Amount	%	
<b>General Revenues:</b>										
Sovereign:										
Taxes	\$ -	3,316,379	-	3,316,379	82.1 % \$	3,127,849	80.7 % \$	188,530	6.0 %	
Licenses and permits	-	42,829	-	42,829	1.1	44,446	1.2	(1,617)	(3.6)	
Fines and forfeits	-	58,223	-	58,223	1.4	54,865	1.4	3,358	6.1	
Miscellaneous:										
Interest	-	38,868	-	38,868	1.0	31,933	0.8	6,935	21.7	
Other	-	214,838	-	214,838	5.3	182,585	4.7	32,253	17.7	
Federal:										
Payment in lieu of taxes	-	-	370,061	370,061	9.1	435,381	11.2	(65,320)	(15.0)	
Total general revenues	<u>-</u>	<u>3,671,137</u>	<u>370,061</u>	<u>4,041,198</u>	<u>100.0</u>	<u>3,877,059</u>	<u>100.0</u>	<u>164,139</u>	<u>4.2</u>	
<b>Cost of Operating:</b>										
General:										
Governmental direction	275,739	26,673	15,274	233,792	5.8	166,973	4.3	66,819	40.0	
Economic development	187,565	25,845	77,219	84,501	2.1	79,734	2.1	4,767	6.0	
Public safety and justice	938,186	10,552	13,138	914,496	22.7	895,420	23.1	19,076	2.1	
Public education	1,074,437	693	107,334	966,410	23.9	739,265	19.1	227,145	30.7	
Human support services	1,618,030	-	947,674	670,356	16.7	726,918	18.7	(56,562)	(7.8)	
Public works	274,114	50,729	3,100	220,285	5.5	244,180	6.3	(23,895)	(9.8)	
Receivingships	510,562	67,979	77,906	364,677	9.0	185,229	4.8	179,448	96.9	
Interest and charges	149,177	-	-	149,177	3.7	175,058	4.5	(25,881)	(14.8)	
Transfers	359,700	86,858	-	272,842	6.8	173,642	4.5	99,200	57.1	
Special Revenue:										
General direction	20,675	78,840	-	(58,165)	(1.4)	(57)	-	(58,108)	-	
Enterprise:										
Lottery and games	226,038	226,363	-	(325)	-	(202)	-	(123)	(60.9)	
Trust:										
Expendable	99,353	131,296	-	(31,943)	(0.8)	(50,999)	(1.3)	19,056	37.4	
Component Units:										
Water and Sewer	205,335	259,064	-	(53,729)	(1.3)	(45,662)	(1.2)	(8,067)	(17.7)	
Convention Center	25,196	65,902	-	(40,706)	(1.0)	(46,134)	(1.2)	5,428	11.8	
Sports Commission	8,396	8,421	-	(25)	-	(13)	-	(12)	(92.3)	
Housing Finance	73,739	66,137	33,380	(25,778)	(0.6)	(4,522)	(0.1)	(21,256)	(470.1)	
University	101,038	80,552	10,920	9,566	0.2	8,567	0.2	999	11.7	
Net cost of operating	<u>6,147,280</u>	<u>1,185,904</u>	<u>1,285,945</u>	<u>3,675,432</u>	<u>91.1</u>	<u>3,247,397</u>	<u>83.8</u>	<u>428,035</u>	<u>13.2</u>	
<b>CURRENT INCOME</b>	<b><u>6,147,280</u></b>	<b><u>4,857,041</u></b>	<b><u>1,656,006</u></b>	<b><u>365,766</u></b>	<b><u>(8.9)</u></b>	<b><u>629,662</u></b>	<b><u>16.3</u></b>	<b><u>(263,896)</u></b>	<b><u>(41.9)</u></b>	
<b>Cost of Investing (Financing):</b>										
Fixed assets	1,083,739	623,098	183,613	277,028	6.9	485,363	12.6	(208,335)	(42.9)	
Long term debt	732,856	169,302	-	563,554	13.9	102,523	2.6	461,031	449.7	
Net cost of investing	<u>1,816,595</u>	<u>792,400</u>	<u>183,613</u>	<u>840,582</u>	<u>20.8</u>	<u>587,886</u>	<u>15.2</u>	<u>252,696</u>	<u>43.0</u>	
<b>FINANCIAL FLOW IN</b>	<b><u>7,963,875</u></b>	<b><u>5,649,441</u></b>	<b><u>1,839,619</u></b>	<b><u>(474,816)</u></b>	<b><u>(11.8)</u></b>	<b><u>41,776</u></b>	<b><u>1.1</u></b>	<b><u>(516,592)</u></b>	<b><u>(1236.6)</u></b>	
<b>Reclassification to GAAP Basis:</b>										
Employee benefits	20,936	-	-	20,936	0.5	(13,968)	(0.4)	34,904	249.9	
Depreciation	(31,155)	(3)	-	(31,152)	(0.8)	(38,935)	(1.0)	7,783	20.0	
Fixed assets	268,205	-	-	268,205	6.6	264,585	6.8	3,620	1.4	
Long term debt	6,802	-	-	6,802	0.2	71,821	1.9	(65,019)	(90.5)	
Total reclassification	<u>264,788</u>	<u>(3)</u>	<u>-</u>	<u>264,791</u>	<u>6.6</u>	<u>283,503</u>	<u>7.3</u>	<u>(18,712)</u>	<u>(6.6)</u>	
<b>INCREASE (DECREASE) IN BALANCES</b>	<b>\$ <u>7,699,087</u></b>	<b><u>5,649,444</u></b>	<b><u>1,839,619</u></b>	<b><u>(210,025)</u></b>	<b><u>(5.2)</u></b>	<b><u>% \$</u></b>	<b><u>325,279</u></b>	<b><u>8.4 % \$</u></b>	<b><u>(535,304)</u></b>	<b><u>(164.6) %</u></b>

**Exhibit G-6****GENERAL FUND**
**SCHEDULE OF CASH FLOWS**  
**Year ended September 30, 2001**  
**( $\$000$ s)**

	2001	2000
<b>Operating Activities:</b>		
Cash receipts from taxes, licenses and fines	\$ 3,435,291	3,222,168
Cash receipts from payment in lieu of taxes	370,061	435,381
Cash receipts from operating grants	1,122,616	1,083,533
Cash receipts from customers	174,211	290,938
Other cash receipts	214,813	182,942
Cash payments to vendors	(1,815,996)	(1,692,589)
Cash payments to employees	(1,774,333)	(1,843,997)
Cash payments to welfare recipients	(1,055,310)	(991,607)
Net cash provided	<u>671,353</u>	<u>686,769</u>
<b>Capital and Related Financing Activities:</b>		
Payments of long term debt (1)	(108,725)	(220,054)
Payments of interest and charges (1)	<u>(158,015)</u>	<u>(168,986)</u>
Net cash used	<u>(266,740)</u>	<u>(389,040)</u>
<b>Noncapital Financing Activities:</b>		
Proceeds of refunding bonds	617,977	2,689
Payments of refunded debt	(584,979)	-
Payments of refunding charges	(32,252)	-
Transfers from other funds	86,858	69,450
Transfers to other funds	(125,030)	(51,976)
Transfers to component units	(234,670)	(232,531)
Payments of funding interest (1)	30,348	140,439
Receipts (payments) of interfund loans (1)	(3,261)	5,966
Net cash used	<u>(245,009)</u>	<u>(65,963)</u>
<b>Investing Activities:</b>		
Receipts of interest and dividends (1)	38,893	31,576
Net cash provided	<u>38,893</u>	<u>31,576</u>
<b>INCREASE IN CASH</b>	<b>198,497</b>	<b>263,342</b>
<b>Cash and Investments at October 1</b>	<b>743,369</b>	<b>480,027</b>
<b>Cash and Investments at September 30</b>	<b>\$ 941,866</b>	<b>743,369</b>
<b>Reconciliation of Operating Excess to Net Cash Provided by Operating Activities:</b>		
Excess of revenues over expenditures	349,716	453,095
Adjustments for nonoperating activities (sum of 1s)	200,760	211,059
Decrease (increase) in assets:		
Receivables	(147)	198,963
Allowances for uncollectibles	(78,254)	(45,791)
Inventories	2,781	825
Other current assets	(14,899)	(3,651)
Increase (decrease) in liabilities:		
Payables	84,330	(86,283)
Accrued liabilities	39,240	(6,778)
Deferred revenue	81,496	(33,517)
Other current liabilities	6,330	(1,153)
Net cash provided	<u>\$ 671,353</u>	<u>686,769</u>

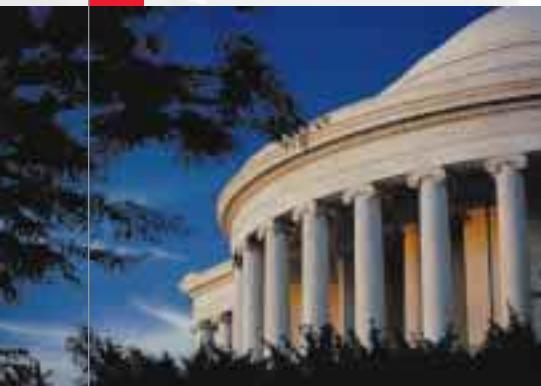
YEAR ENDED SEPTEMBER 30, 2001

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# Statistical Section

The Statistical Section contains tables that differ from financial statements because they usually cover more than two fiscal years and may present nonaccounting data.

Statistical tables reflect social and economic data, financial trends and the fiscal capacity of the District.



**Government of the District of Columbia**

*Office of the Chief Financial Officer*



## Exhibit S-1

## GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years  
(\$000s)

Fiscal Year				Charges For Services	Miscel-laneous	Total District Sources	Intergovernmental		Total (Exhibit A-2)	Excess (Defi-ciency)
	Taxes	Licenses and Permits	Fines and Forfeits				Payments	Grants		
1992	2,384,300	41,856	51,860	148,723	122,952	2,749,691	643,772	695,616	4,089,079	1,986
1993	2,557,852	44,564	51,845	138,156	112,012	2,904,429	635,930	759,845	4,300,204	7,766
1994	2,470,053	49,098	48,107	137,361	127,628	2,832,247	647,930	960,708	4,440,885	(335,428)
1995	2,391,041	47,583	42,447	120,033	128,008	2,729,112	660,000	951,848	4,340,960	(54,428)
1996	2,517,044	49,400	40,792	108,321	116,080	2,831,637	660,000	960,948	4,452,585	(33,688)
1997	2,577,344	45,490	51,664	87,384	142,648	2,904,530	665,702	906,057	4,476,289	185,892
1998	2,815,900	48,123	53,177	80,128	180,604	3,177,932	198,000	1,033,163	4,409,095	444,849
1999	2,892,562	48,247	47,794	276,680	171,590	3,436,873	157,968	1,184,768	4,779,609	134,494
2000	3,127,849	44,446	54,865	174,438	214,518	3,616,116	435,381	1,253,445	5,304,942	240,727
2001	3,316,379	42,829	58,223	182,473	253,706	3,853,610	370,061	1,241,644	5,465,315	77,620

Source: Office of Tax and Revenue  
District of Columbia

## Exhibit S-2

## GENERAL FUND EXPENDITURES AND NET USES BY FUNCTION

Last Ten Fiscal Years  
(\$000s)

Fiscal Year	Govern-mental Direction	Economic Development			Public Safety	Public Education	Human Services	Public Works	Receiverships	Future Employee Benefits	Joint Venture Subsidy (2)	Debt Service	Net Financing Uses (1)	Total (Exhibit A-2)
		Direction	Development	Public Safety										
1992	142,265	263,003	1,057,508	754,009	1,411,451	289,587	-	(219,517)	-	340,358	48,429	4,087,093		
1993	136,630	285,249	1,067,374	754,104	1,636,871	303,366	-	(295,232)	-	351,071	53,005	4,292,438		
1994	129,601	286,722	1,106,556	796,138	1,874,348	276,964	-	(73,542)	-	333,413	46,113	4,776,313		
1995	131,001	258,514	1,069,910	759,973	1,442,251	253,482	-	75,688	-	344,895	59,674	4,395,388		
1996	157,576	150,743	999,298	714,653	1,734,947	278,161	-	(10,733)	-	367,704	93,924	4,486,273		
1997	153,777	154,754	994,554	667,384	1,602,026	259,490	-	39,773	-	395,555	23,084	4,290,397		
1998	168,292	181,839	550,876	670,205	1,728,752	262,145	-	(142,224)	-	399,862	144,499	3,964,246		
1999	329,788	161,824	759,526	737,781	1,283,979	264,334	397,435	102,097	131,604	390,034	100,830	4,659,232		
2000	247,664	180,443	924,843	899,763	1,552,495	135,067	366,961	13,968	135,531	395,112	212,368	5,064,215		
2001	275,739	187,565	938,186	1,074,437	1,618,030	136,041	510,562	(20,936)	138,073	257,902	272,096	5,387,695		

(1) Financing uses in 1991 includes funding bond proceeds of \$336,605.

(2) 1999 amounts were restated for Joint Venture Subsidy, Human Support Services, and Debt Service

Source: Office of Financial Operations and Systems  
District of Columbia

**Exhibit S-3**

**GENERAL FUND TAX REVENUES BY SOURCE**

**Last Ten Fiscal Years**  
(\$000s)

Fiscal Year	Property			Sales and Use		Income and Franchise		Gross Receipts	Other Taxes	Total (Exhibit S-1)
	Real (1)	Personal (2)	Rental (2)	General	Selective	Individual	Business			
1992	820,892	65,609	16,818	442,496	82,254	620,208	87,877	180,192	67,954	2,384,300
1993	928,322	67,085	16,256	410,068	94,667	589,521	140,998	229,593	81,342	2,557,852
1994	730,641	62,437	17,931	458,555	98,919	650,660	150,208	243,199	57,503	2,470,053
1995	654,284	61,305	14,754	485,651	98,456	643,676	160,679	210,912	61,324	2,391,041
1996	668,749	65,003	12,052	494,427	95,217	689,408	155,623	244,438	92,127	2,517,044
1997	617,694	60,392	9,513	514,635	99,266	753,475	188,093	238,898	95,378	2,577,344
1998	616,935	68,475	10,030	557,081	92,815	861,505	221,597	247,580	139,882	2,815,900
1999	597,566	73,928	8,056	592,718	84,305	952,156	217,595	218,905	147,333	2,892,562
2000	610,896	70,133	11,752	640,212	58,649	1,077,346	261,218	256,033	141,610	3,127,849
2001	633,172	64,144	10,107	657,397	59,922	1,098,188	302,049	300,666	190,734	3,316,379

- (1) The real property tax year was changed from June 30 to September 30 in 1993. Real property tax revenue increased \$172,863 in 1993 because taxes due on September 15, 1993, for the six month period ended December 31, 1993, were applied to the three month period ended December 31, 1993 (D.C. Act 10-32).
- (2) The personal property and public space rental tax year is from July 1 to June 30. Taxes are due by July 31. One quarter of the taxes is recognized as revenue in the current fiscal year and three quarters are deferred and recognized as revenue in the following fiscal year.

Source: Office of Tax and Revenue  
District of Columbia

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**Exhibit S-4**

**GENERAL FUND CURRENT EXPENDITURES BY OBJECT**

**Last Ten Fiscal Years**  
(\$000s)

Fiscal Year	Salaries and Wages	Total Benefits	Future Benefits	Contractual Services	Supplies	Occupancy	Miscellaneous		Total (Exhibit A-3)	Cumulative Fund Balance (Deficit)
							Assistance	Other		
1992	1,508,717	681,449	(219,517)	336,723	92,432	147,008	664,671	486,823	3,698,306	3,556
1993	1,475,465	814,241	(295,232)	376,811	93,541	150,762	827,078	445,696	3,888,362	11,322
1994	1,553,733	625,146	(73,542)	408,921	75,797	148,100	1,126,107	532,525	4,396,787	(324,106)
1995	1,450,122	425,490	75,688	380,267	55,134	137,791	1,057,085	409,242	3,990,819	(484,561)
1996	1,385,054	543,752	(10,733)	380,138	71,512	117,997	1,152,238	384,687	4,024,645	(518,249)
1997	1,332,704	471,232	39,773	431,612	57,338	130,632	1,045,642	362,825	3,871,758	(332,357)
1998	1,180,964	381,637	(142,224)	433,108	50,005	123,674	829,410	563,311	3,419,885	112,492
1999	1,296,451	142,784	102,097	620,276	61,133	145,785	959,932	661,008	3,989,466	224,210
2000	1,394,643	426,859	13,968	777,730	145,025	153,403	991,607	553,500	4,456,735	464,937
2001	1,480,848	386,725	(20,936)	625,473	59,928	159,966	1,055,310	972,310	4,719,624	562,245

Note: The 1995 Balance (Deficit) reflects a restatement made in 1997. Other 1995 and prior amounts have not been restated.

Source: Office of Financial Operations and Systems  
District of Columbia

**Exhibit S-5****REAL PROPERTY TAX LEVIES AND COLLECTIONS****Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	Tax Levy	Tax Collections (1)			Percent of Collections to Levy		Delinquent Taxes		
		Current	Delinquent	Total	Current	Total	Addition (Deduction)	Out-standing	Percent to Levy
1992	\$ 820,919	796,444	23,111	819,555	97.0 %	99.8 %	12,531	24,183	2.9 %
1993	928,934	867,715	21,523	889,238	93.4 %	95.7 %	17,506	81,385	8.8 %
1994	721,924	657,899	49,589	707,488	91.1 %	98.0 %	(31,796)	64,025	8.9 %
1995	720,331	649,020	43,933	692,953	90.1 %	96.2 %	(39,126)	52,277	7.3 %
1996	700,171	632,181	48,905	681,086	90.3 %	97.3 %	(20,898)	50,464	7.2 %
1997	648,166	606,435	21,002	627,437	93.6 %	96.8 %	(22,923)	48,270	7.4 %
1998	638,569	590,249	30,548	620,797	92.4 %	97.2 %	(28,813)	37,229	5.8 %
1999	637,647	554,064	29,078	583,142	86.9 %	91.5 %	(18,448)	73,286	11.5 %
2000	613,385	569,190	23,587	592,777	92.8 %	96.6 %	(56,017)	37,877	6.2 %
2001	669,016	576,965	58,359	635,324	86.2 %	95.0 %	(27,132)	44,437	6.6 %

- (1) Approximately 70 percent of real property tax collections are deposited with fiscal agents, such as commercial banks, for payment of matured bonds and interest.

Source: Office of Tax and Revenue  
District of Columbia

**Exhibit S-6****MAJOR TAX RATES****Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	Property (1)						Personal	Sales and Use			Income and Franchise (5)		Gross Receipt	
	Residential		Commercial		General	Selective		Cigar-ette		Motor Fuel		Public Utility		
	Owner Occupied	Tenant Occupied	Hotels	Improved		(2)		(3)	(4)	Individual	Business	(6)		
1992	\$ 0.96	1.54	1.85	2.15	3.29	3.40	0.0600	0.50	0.200	.060-.095	0.10500	0.097		
1993	0.96	1.54	1.85	2.15	5.00	3.40	0.0600	0.65	0.200	.060-.095	0.10250	0.097		
1994	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.10250	0.100		
1995	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.09975	0.100		
1996	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.09975	0.100		
1997	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.09975	0.100		
1998	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.09975	0.100		
1999	0.96	1.54	1.85	2.15	5.00	3.40	0.0575	0.65	0.200	.060-.095	0.09975	0.100		
2000	0.96	1.34	1.85	2.05	2.05	3.40	0.0575	0.65	0.200	.050-.095	0.09975	0.100		
2001	0.96	1.15	1.85	1.95	1.95	3.40	0.0575	0.65	0.200	.050-.093	0.09975	0.100		

Units: (1) Per \$100 of assessed value. (2) Per \$1 of sales. (3) Per pack. (4) Per gallon. (5) Per \$1 of taxable income.  
(6) Per \$1 of gross receipts. First \$50,000 in value excluded from tax base.

Source: Office of the Chief Financial Officer, Office of Research and Analysis  
District of Columbia

**Exhibit S-7**

**ASSESSED VALUE, CONSTRUCTION AND BANK DEPOSITS**

**Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	Assessed Value of Property (1)				Commercial Construction		Residential Construction		Bank Deposits (3)
	Commercial	Residential (2)	Total Taxable	Tax Exempt	Number of Units	Value	Number of Units	Value	
1992	27,901,550	20,830,365	48,731,915	33,269,958	24	320,900	59	22,201	12,300,529
1993	24,478,683	20,505,958	44,984,641	31,892,428	29	68,470	21	7,967	9,602,051
1994	22,446,880	21,951,120	44,398,000	32,126,502	29	79,754	45	20,509	9,078,000
1995	21,687,105	20,480,012	42,167,117	32,154,883	5	77,467	67	24,815	8,893,414
1996	20,657,057	22,041,463	42,698,520	29,749,392	12	101,717	80	21,399	9,025,183
1997	19,373,225	22,884,675	42,257,900	30,170,470	57	1,003,761	165	91,170	8,865,299
1998	19,726,319	23,461,404	43,187,723	31,517,981	127	343,121	165	35,851	11,083,673
1999	18,734,933	23,710,565	42,445,498	30,620,782	45	362,692	40	6,746	10,903,390
2000	19,357,631	23,912,435	43,270,066	30,900,682	36	301,372	42	8,217	11,869,797
2001	21,960,148	22,268,968	44,229,116	32,086,134	38	889,830	422	100,366	N/A

(1) Assessed value is 100 percent of estimated actual value.

(2) After deduction of homestead exemptions and credits against tax.

(3) Source - Federal Deposit Insurance Corporation Data Book - Summary of Deposits: FY93 and prior years show Commercial Bank deposits only. FY94 and subsequent years include Commercial Banks and Savings Institutions.

Source: Office of Tax and Revenue  
District of Columbia

**Exhibit S-8**

**TEN HIGHEST ASSESSED VALUES FOR TAX EXEMPT PROPERTIES**

**October 1, 2001  
(\$000s)**

Property (1)	Value
George Washington University and Hospital	\$ 587,732
The International Bank for Reconstruction and Development	435,863
Georgetown University and Hospital	418,684
Howard University	415,040
International Finance Corporation	242,505
American University	207,647
Washington Hospital Center	189,360
National Cathedral	159,231
Inter-American Development Bank	157,459
Catholic University of America	126,658

(1) Excludes Federal, District and foreign government property.

Source: Office of Tax and Revenue  
District of Columbia

**Exhibit S-9****TEN HIGHEST ASSESSED VALUES FOR COMMERCIAL PROPERTIES**

**October 1, 2001**  
(\$000s)

Squares	Lots	Building	Land	Improvements	Total
163	55	1050 Connecticut Avenue, N.W.	\$ 53,296	127,778	181,074
321	27	555 12th Street, N.W.	65,619	110,707	176,326
106	49	1835 I Street, N.W.	56,613	108,387	165,000
290	43	555 13th Street, N.W.	48,371	114,009	162,380
2132	32	2660 Woodley Road, N.W.	33,711	118,953	152,664
538	874	300 E Street, S.W.	29,728	115,818	145,546
465	96	400 7th Street, S.W.	64,762	72,872	137,634
407	815	401 9th Street, N.W.	32,000	102,699	134,699
224	22	613 15th Street, N.W.	55,851	78,609	134,460
248	830	1301 K Street, N.W.	33,538	85,002	118,540

Source: Office of Tax and Revenue  
District of Columbia

**Exhibit S-10****TEN HIGHEST ASSESSED VALUES FOR RESIDENTIAL PROPERTIES**

**October 1, 2001**  
(\$000s)

Squares	Lots	Building	Land	Improvements	Total
2630	819	1940 Shepherd Street, N.W.	\$ 5,929	3,039	8,968
1346	822	Foxhall Road, N.W.	8,004	-	8,004
2199	25	2501 30th Street, N.W.	1,806	5,081	6,887
2140	44	2840 Woodland Drive, N.W.	2,215	3,291	5,506
1346	823	1801 Foxhall Road, N.W.	3,765	1,497	5,262
2198	16	2900 Benton Place, N.W.	2,066	3,156	5,222
2198	14	2929 Massachusetts Ave, N.W.	1,677	3,387	5,064
1341	861	2301 Foxhall Road, N.W.	3,826	841	4,667
1285	3	1623 28th Street, N.W.	2,334	2,220	4,554
1346	824	Foxhall Road, N.W.	4,503	-	4,503

Source: Office of Tax and Revenue  
District of Columbia

**Exhibit S-11**

**COMPUTATION OF LEGAL DEBT LIMITATION**

		Last Two Fiscal Years (\$000s)	2001	2000
<b>Revenues:</b>				
General Fund:				
District sources	Exhibit S-1	3,853,610	3,616,116	
Payment in lieu of taxes	Exhibit S-1	370,061	435,381	
Subtotal		<u>4,223,671</u>	<u>4,051,497</u>	
Less - court fees	Exhibit A-4	-	-	
<b>Total revenues</b>		<u>\$ 4,223,671</u>	<u>4,051,497</u>	
<b>Principal and interest:</b>				
General Fund:				
Principal	Exhibit S-13	108,725	220,054	
Interest	Exhibit S-13	146,043	172,326	
<b>Total principal and interest (current year)</b>		<u>\$ 254,768</u>	<u>392,380</u>	
<b>Highest future year debt service cost</b>		<u>\$ 270,910</u>	<u>327,044</u>	
<b>Percent of Principal and Interest to Revenues (1)</b>		<u>6.0%</u>	<u>9.7%</u>	

- (1) Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues. The debt service percent limitation was increased from 14 to 17 percent in fiscal year 1998 as a result of the National Capital Revitalization and Self-Government Improvement Act of 1997, accounting for the decrease in revenues from the repeal of the Federal payment in lieu of taxes and the loss of court revenues.

Source: Office of Tax and Revenue  
District of Columbia

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**Exhibit S-12**

**PERCENT OF GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND GENERAL OBLIGATION DEBT PER CAPITA**

**Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	General Obligation Debt (Note 5A) (1)			Assessed Value (Exhibit S-7)	Percent of Debt To Assessed Value	Population (Exhibit S-14)	Debt Per Capita (3)
	Component Unit (2)	General	Total				
1992	313,742	3,026,047	3,339,789	48,731,915	6.9%	584,897	5,710
1993	324,295	3,230,865	3,555,160	44,984,641	7.9%	577,180	6,160
1994	337,760	3,314,312	3,652,072	44,398,000	8.2%	565,796	6,435
1995	323,172	3,157,003	3,480,175	42,167,117	8.3%	552,466	6,299
1996	303,719	2,965,756	3,269,475	42,698,520	7.7%	539,646	6,059
1997	282,100	3,084,763	3,366,863	42,257,900	8.0%	529,895	6,354
1998	114,122	3,091,403	3,205,525	43,187,723	7.4%	523,124	6,128
1999	107,662	3,098,582	3,206,244	42,445,498	7.6%	519,100	6,177
2000	100,147	3,109,728	3,209,875	43,270,066	7.4%	572,059	5,611
2001	95,296	2,582,017	2,677,313	44,229,116	6.1%	571,822	4,682

- (1) There is no revenue, special assessment or overlapping debt.  
(2) A portion of the general obligation debt was incurred for the benefit of the Water and Sewer Authority which services that debt as a matter of discretionary financial policy.  
(3) These amounts are not expressed in thousands.

Source: Office of Budget and Planning  
District of Columbia

## Exhibit S-13

## PERCENT OF DEBT SERVICE TO GENERAL FUND EXPENDITURES

Last Ten Fiscal Years  
(\$000s)

Fiscal Year	Debt Service (Exhibit A-2)			General Fund Expenditures (Exhibit S-2)	Percent of Debt Service to General Fund Expenditures
	Principal	Interest (1)	Fiscal Charges		
1992	\$ 128,917	204,181	7,260	340,358	4,087,093 8.3%
1993	151,675	193,641	5,755	351,071	4,292,438 8.2%
1994	139,515	186,878	7,020	333,413	4,776,313 7.0%
1995	157,308	184,510	3,077	344,895	4,395,388 7.8%
1996	191,247	173,807	2,650	367,704	4,486,273 8.2%
1997	207,903	174,085	13,567	395,555	4,290,397 9.2%
1998	219,435	171,430	8,997	399,862	3,964,246 10.1%
1999	261,534	191,903	6,597	460,034	4,597,628 10.0%
2000	220,054	172,326	2,732	395,112	5,064,215 7.8%
2001	<u>108,725</u>	<u>146,043</u>	<u>3,134</u>	<u>257,902</u>	<u>5,387,695</u> 4.8%

(1) Excludes accrued interest on capital appreciation bonds.

Source: Office of Budget and Planning  
District of Columbia

## Exhibit S-14

## DEMOGRAPHIC STATISTICS

## Last Ten Fiscal Years

Fiscal Year	Popula- tion (1)	Per Capita Income (2)	Median Age	Hospital		Schools		University		Employ- ment	Unemploy- ment Rate
				Patient Days	Students	Teachers	Students	Graduates	Students		
1992	584,897	29,226	33.9	126,898	80,937	6,453	7,007	859	674,500	8.5%	
1993	577,180	30,475	34.2	119,130	80,937	6,231	6,590	871	671,500	8.7%	
1994	565,796	31,860	34.5	108,160	80,678	6,233	6,476	595	662,000	8.3%	
1995	552,466	33,452	34.9	83,219	80,450	6,038	6,518	927	646,900	8.7%	
1996	539,646	33,435	n/a	72,778	79,802	5,695	5,863	1,041	633,100	8.7%	
1997	529,895	34,932	36.0	68,375	78,648	5,062	4,754	961	612,700	7.7%	
1998	523,124	36,248	36.3	62,683	77,111	5,482	5,284	692	611,000	8.5%	
1999	519,100	38,721	37.2	65,695	71,899	5,267	5,181	576	616,400	6.1%	
2000	572,059	39,858	37.6	62,914	70,762	5,030	5,358	554	619,900	5.5%	
2001	<u>571,822</u>	<u>41,014</u>	<u>37.6</u>	<u>32,388</u>	<u>68,925</u>	<u>4,850</u>	<u>5,456</u>	<u>580</u>	<u>651,200</u>	<u>6.0%</u>	

(1) Source: Federal Bureau of the Census

(2) Source: Federal Department of Commerce, Bureau of Economic Analysis

## Exhibit S-15

## MISCELLANEOUS STATISTICS

## Last Two Fiscal Years

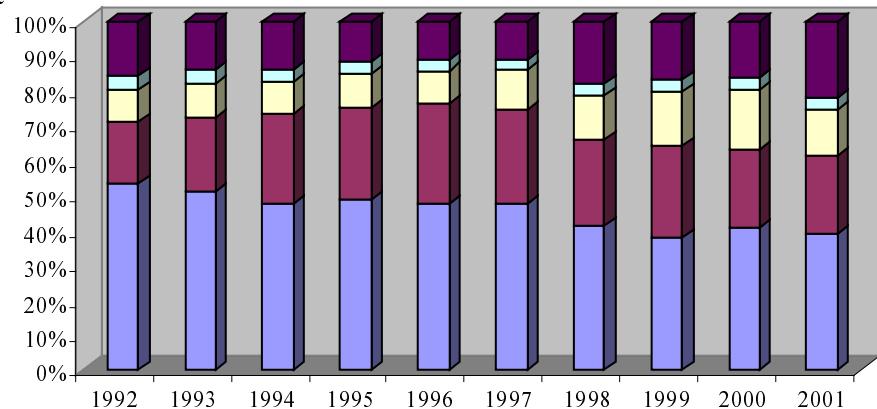
Description	2001	2000
<b>Area (square miles):</b>		
Federal and foreign governments	23.7	22.9
District government	2.6	2.6
Streets and alleys	16.1	16.7
Taxable base	19.5	19.7
Total area	<u>61.9</u>	<u>61.9</u>
<b>Employees (authorized, permanent, full-time):</b>		
Governmental direction and support	2,659	1,953
Economic development and regulation	597	1,205
Public safety and justice	7,328	8,244
Public education system	10,824	9,662
Human support services	1,957	4,666
Public works	<u>2,071</u>	<u>1,718</u>
Total employees	<u>25,436</u>	<u>27,448</u>
<b>Police Protection:</b>		
Number of stations including satellites	13	13
Number of police officers	3,601	3,599
Crime index offenses	40,305	39,651
<b>Fire Protection:</b>		
Number of stations	33	33
Number of fire fighters	1,282	1,204
<b>Transportation:</b>		
Number of street lights	64,349	76,565
Number of traffic signalized intersections	1,519	1,519
<b>Water:</b>		
Number of consumers	124,749	127,882
Average daily consumption (in millions of gallons)	132	134
Miles of mains	1,300	1,300
<b>Sewers:</b>		
Miles of mains	1,800	1,800
Daily maximum capacity (in millions of gallons)	740	740
<b>Economic:</b>		
Taxable retail sales (in millions)	\$7,367	\$8,298
Unemployment claims accepted	18,189	22,113
Unemployment claims rejected	6,514	6,002
<b>Recreation:</b>		
Number of centers and playgrounds	77	77
Number of day camps	3	3
Number of outdoor swimming pools	35	35
Number of indoor swimming pools	7	7
<b>Libraries:</b>		
Number of main and branch buildings	22	22
Number of community and kiosk facilities	5	5
Number of volumes	2,715,332	2,756,244
<b>Education:</b>		
Number of public schools	146	146

Source: Office of Tax and Revenue  
District of Columbia

### General Fund Expenditures

Last Ten Years (Percentage)

Percentage

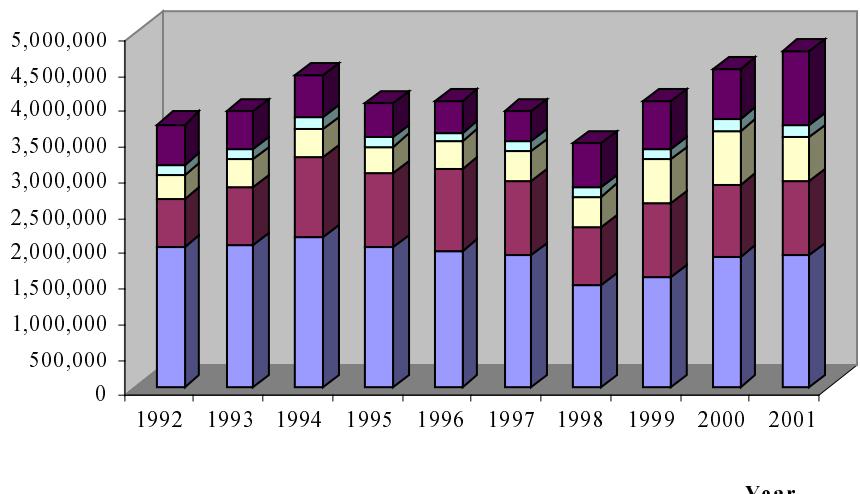


■ Personnel ■ Assistance ■ Contractual ■ Occupancy ■ Others

### General Fund Expenditures

Amount in 000's

Last Ten Fiscal Years



■ Personnel ■ Assistance ■ Contractual ■ Occupancy ■ Others



**Government of the District of Columbia**  
**Anthony A. Williams, Mayor**

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